





## HOME NEWS

## Mr Foot tries to calm fears of left and right over conference

By George Clark

Political Correspondent

Mr Michael Foot, leader of the Opposition, told Labour left-wingers of the Tribune Group last night that some members of the party were looking to the Saturday's special conference in London on leadership elections to provide an excuse for them to leave the party.

The conference has to decide on the make-up of the electoral college which will choose the leader and deputy leader of the party.

Mr Foot said there could be nothing in the conference decisions on Saturday to justify any Labour MP's leaving the party. Both at the Tribune group meeting and in a television broadcast Mr Foot sought to assure the left and the right wings of the party on that point.

In a television interview he said he was not in a mood to tell right-wingers like David Owen and Mrs Shirley Williams to "shut up and get out". He wanted to preserve a party that was able to embrace a wide range of views on the attainment of socialist aims.

When he met the Tribune Group of left-wing MPs at the Commons, he came under some criticism for his tolerance under provocation from the right, but he retained his stance as mediator.

He had a friendly hearing, however, at a meeting that was devoted entirely to the left.

At the meeting he said he was not in favour of holding another referendum about British membership of the EEC. It would be a clear issue at the next general election and the voters would make their choice.

During his television interview, in Granada's *World in Action*, Mr Foot said that if Britain came out of Europe the country would not be isolated. "You could perfectly well have an international policy without necessarily being a member of the Common Market," he said.

Members of the Tribune Group were anxious to get his assessment of the likely number of defections from the party if the special conference voted for an electoral college for the election of the leader and deputy leader. Mr Foot said he thought very few Labour MPs would leave and he would do everything he could to keep them in.

In different words, he repeated what he had said in the recorded television interview.

"I have never been in favour of expelling people from the Labour Party," he told his interviewer. "I was very much opposed when some people were in favour of expelling me and some of my past associates in the party; so I am against expulsions."

On the propositions to be put to the special conference, Mr Foot said on television: "I want to see a decision that respects the views of the Parliamentary Labour Party... ensuring that it shall have a major vote in the choice of future leaders, and the best way to do that in my opinion would be for the acceptance of the 50-25-25 formula. (That is, 50 per cent of the vote to be allocated to the PLP, 25 per cent to the constituency Labour parties and 25 per cent to the trade unions and other affiliates)."

## Printing unions' warning on Employment Act

By Our Labour Staff

The main printing unions yesterday reinforced their outright opposition to the Employment Act with a warning that they would "collectively resist any attempt by employers or individuals to use its provisions".

In a reference which apparently rules out the use of state aid for postal jobs, a statement from the TUC Print Industries Committee also said that the National Society of Operative Printers, Graphical and Media Personnel, the

National Graphical Association, the National Union of Journalists, the Society of Graphical and Allied Trades and the Society of Lithographic Artists, Designers and Engravers, will not use any of the provisions and procedures of the Employment Act.

The unions would not only resist attempts by employers to use the Act to undermine well-established trade union organisation but would "maintain and extend the closed shop and other union membership arrangements and practices".

## Seamen's leader says tactics working well

Continued from page 1

will never be operational again. The employers' statement said that up to now, not wanting to harden attitudes, some ship-ping companies had continued to pay their seamen even where lightning strikes had taken place.

However the danger to the future of the Merchant Navy from coming out of strike on particular terms, including the ships would have to be laid up and the seamen dismissed. In such cases the employer is obliged by agreement to meet the costs of re-training seamen from deep sea ports.

He added: "If ships are laid up in this way there are some, and there may be many, which

some ferry employees to lose money in support of deep sea colleagues who have most to gain from pursuit of the union's tactics.

Mr James Slater, general secretary of the union, however, said that the union's present tactics were working well and that the delegates wanted simply to improve on them without changing the basic strategy.

He added: "Harassment of our members by the employers will only intensify the response from seamen."

Seamen dismissed: About 30 seamen aboard the strikebound *Baltic* and *Baltic Enterprise* at Hull were dismissed yesterday.

The local authority's social services department ignored Mrs Susan Frankland's requests to remove the child from her care, it was stated.

Daniel Frankland, aged seven months, sustained multiple bruises and other injuries and suffered a heart failure.

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In the past the Liberal Party has not published national manifestos because its belief in community politics makes it concentrate on individual localities. The party's strength in the districts is accordingly greater than in the country areas, where it holds only 102 of the 4,300 county council seats.

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## NUR backs 50% vote by MPs for party leader

By David Felton

Labour Reporter

The National Union of Railmen, which has 180,000 votes to cast at next Saturday's special Labour Party conference, decided yesterday to support an electoral college giving half of the votes to the Parliamentary Labour Party in the election of the party leader.

At a special recalled conference union delegates voted for 50 per cent of the college votes to go to the PLP, 25 per cent to constituency parties and 25 per cent to trade unions, which will ally the NUR with other moderate unions at Saturday's conference.

Yesterday's conference rejected the suggestion, which is supported by other moderate unions, that the electoral college elections should be by annual party conference, and instead approved election by postal ballot.

Mr Sidney Weighell, NUR general secretary, told delegates that he believed most union votes on Saturday will be cast in favour of the PLP being given half of the electoral college.

Other unions broadly in favour of that composition are the General and Municipal Workers Union, the electricians union, the Iron and Steel Trades Confederation and the National Union of Mineworkers. Britain's second largest union, the Amalgamated Union of Engineering Workers, wants the PLP to be given an overall majority.

The NUR's policy before the party conference last September was that election of the leader should be left in the hands of the PLP, but after the decision to adopt the principle of an electoral college the union leadership argued against a proposal that the parties in the college should each have a third of the votes.

That proposal was lost by 64 votes to 13 and delegates voted by a three-to-two majority to give the PLP half the college votes.

Mr Weighell was bitterly critical of the administration of the Labour Party, which he said had chosen to ignore the case for changing the composition of the party executive itself.

He maintained that members of Parliament were far better placed than the ordinary party member or trade unionist to form a judgment about the calibre of a candidate for the leadership.

## Leaked confidential DHSS circular to be challenged in Parliament

## Hospital strike-breaking by troops planned

By Paul Routledge

Labour Editor

Labour MPs sponsored by the National Union of Public Employees are to demand an explanation from the Government of Ministry of Defence plans to use troops in the hospitals and the ambulance service if there is another "winter of discontent".

A confidential circular from the Department of Health and Social Security to regional administrators of the National Health Service gives warning of the likely use of servicemen under Plan Lionel (the first name of the TUC general secretary) if there are strikes by health service workers.

The ministry document leaked to the media also discloses the existence of Plan Concord and Plan Bittern.

Mr Alan Fisher, general secretary of Nupse, said last night: "We are going to get our MPs to ask questions in the

House about this so-called circular, so that we can see its full contents."

The DHSS confirmed that the document was genuine but added: "Every government makes contingency plans."

The Transport and General Workers' Union, which organizes Britain's 16,000 ambulance men, last night challenged the Government to bring troops into the emergency services. "There is no way that servicemen can do the jobs of health workers," Mr Michael Martin, TGWU national officer, said.

"They are trying to put the scares on our people. Here is a government that publicly deplores military intervention against workers in Poland and yet is planning the same thing itself."

The confidential memorandum sent to health service administrators says that contingency arrangements for the use of troops during industrial disputes have been finalized after consultations

between the DHSS and the Ministry of Defence. Plan Lionel provides for limited Service assistance in the event of a strike involving certain skilled and semi-skilled ancillary workers."

Plan Concord provides for Service personnel to drive NHS ambulances in the event of a dispute, and Plan Bittern provides for the use of Service ambulances and drivers in a strike.

Pay talks involving the ambulance men and 240,000 hospital staff are held up because the Government has not yet announced its cash limit for the health service.

The circular goes on: "The security of these documents is paramount. You are in possession of military plans which are highly sensitive. Any disclosure of information contained in these plans would be extremely damaging to the Government's industrial relations policy."



Mr William Sirs announcing the result of his union's steel ballot in London yesterday.

## Getty funds 'threat' to art owners

By Kenneth Gosling

Arts Reporter

A Commons committee was told yesterday that it was essential to provide further measures to safeguard works of art in the hands of private owners in view of the millions of pounds that would shortly be available to the trustees of the late Paul Getty's estate.

Mr Hugh Leggat, secretary of Heritage in Danger, said at the opening of an inquiry by the Education, Science and Arts Select Committee into the private and public funding of the arts: "This is quite the most serious thing that has happened to the art world for many years."

"Mr Getty left practically all his funds to the Getty Foundation and some \$800m accrued to it, and this is probably now an astronomical figure in view of the rising value of oil."

"The trustees are obliged to spend 75 per cent of their income in order not to incur a tax liability and there will be a marked effect on the art markets of the world."

In written evidence to the committee, which is considering the circumstances which the nation acquires heritage objects in lieu of tax or by private treaty sale, Mr Leggat proposed among other things that tax credits should be introduced in the next budget, these to be in the nature of deposits against future capital taxes.

The recent sale of the Leonardo Codex, he said, underlined the seriousness of the position.

Mr Peter Rees, QC, Treasury Minister of State, told the committee that he was less than enthusiastic about a tax credit system because of the practical difficulties involved.

## Union 'no' to hiving off defence work

By Our Labour Staff

The largest Civil Service union has called for an independent investigation into the Government's plans to hand Ministry of Defence contracts to private companies. The Civil and Public Services Association said such a move would reduce public control of the country's defences.

The association also criticized government studies on the possible selling of the Atomic Weapons Research Establishment at Aldermaston to private enterprise.

Mr Geoffrey Lewtas, the union's section secretary for the Ministry of Defence, said yesterday: "Contracting out work reduces the level of government control over our defences, and amounts to little more than the Government's paying off its political debts."

The union argues that transferring administrative work from Servicemen to civilians to free the Servicemen for more important duties could save the Government up to £300m a year in salaries.

Union officials said there was great bitterness among clerical staff at the Ministry at the rundown of civilian employment. Mr Lewtas said that over the past 10 years staff had been reduced by 150,000 and cuts of a further 35,000 posts were planned.

The union is also critical of what it believes are government plans to sell royal ordnance factories which employ about 22,000. It maintains that there will be no overall saving in costs.

## Anglo-Irish studies expected to start soon

From Christopher Thomas

Dublin

The proposed Anglo-Irish studies into a range of key issues, which have been heralded as marking an historic improvement in relations between the two countries, look set to begin soon.

Senior civil servants from Dublin and Westminster will be ready in two or three weeks to call their first full meeting. The immediate task will be to decide the indication of the direction of the studies, and that process may take some weeks.

The studies were agreed between Mrs Margaret Thatcher and Mr Charles Haughey, Prime Minister of the Irish Republic in Dublin on December 6. Devel-lopment have been slow since then, but with the Maze hunger strike out of the way events are gaining momentum.

The two leaders are due to meet again, probably in June or July, in London, where some indication of the direction of the studies will have been established. The meeting will be devoted entirely to considering them.

By then Mr Haughey may be in the throes of an election, but most pundits expect that he will sweep the board.

The republic's economy may be in a shambles, but Mr Haughey's brisk style has much personal appeal, particularly when set against the cautious intellectual approach of Mr Garrett FitzGerald, his main rival.

Officials from a host of British government departments are involved in the preliminary exploration into the best way to set up the joint studies. Hitherto joint operations have involved the Northern Ireland Office almost exclusively. Not on either side of the border, seriously expects the Westminster will attempt to revive its search for a broad acceptable solution in a purely Northern Ireland context.

The constitutional position is not too hotting, therefore, but there is in Dublin a feeling that a new and intense relationship between the two governments will take much of the sting out of the border question. McAlisley note: Mrs Bernadette McAlisley scribbled notes inquiring about her children as she lay in an intensive care unit of a Belfast hospital last night (the Press Association reports).

She was still "very seriously ill" and unable to speak, but smiled when told her children were well.

The condition of her husband, who was also shot at the home in Co Tyrone last Friday, was still serious.

## Wildfowler drowns as two are saved in rising tide

From Our Correspondent

Dumfries

A wildfowler drowned in the Solway Firth yesterday as two of his companions were rescued by helicopter. A fourth member of the party who watched their struggle from the shore was given sedation for shock.

Two of the men had set out at first light from Burnfoot, New Abbey, near Dumfries, but became trapped on a sand-bank by the incoming tide.

As they stood helpless in rising water, cut off from shore by a deep channel, one of their companions saw them and raised the alarm. Mr Stephen Latham, aged 32, of Melton Mowbray, Leicestershire, helped by Miss Elma Stitt, who lives near by, launched an inflatable dinghy.

Miss Stitt said: "The current was so strong that we were forced back, but then I managed to push the boat with one of the men in it into the current."

"By this time one of the trapped men was up to his neck, and the other was cheeping."

Mr Latham managed to see the dinghy near enough to M Mark Naylor, aged 20, of Leicestershire Forest East, Leicestershire, trapped on the shallows, part of the sandbank to a list of 100 ft. At the point a Royal Navy helicopter from Prestwick arrived and winched the two from the water.

The rescued men were treated for exposure at Dumfries Infirmary. The body of the third man, who was recovered six hours later by the helicopter.

## Shows to close as London audiences fall

By Martin Huckerby

Theatre Reporter

The *Streets of London*, the musical by Dion Boucicault at Her Majesty's Theatre, in London, is to close on Saturday, January 31, after a run of only three months because audiences have fallen to a level at which it was no longer economical to continue.

The production, first presented at the Theatre Royal, Stratford East, last March, did very well during the Christmas period; but since then audiences have dropped, and with a large cast and an orchestra, the show proved too expensive.

After the end of the holiday season, West End Theatre audiences have been generally declining, and several shows are closing. Another musical, *The Biography Girl*, at the Phoenix Theatre, closed earlier this month after a run of only two months; *The Dresser*, at the Queen's Theatre, closed last weekend; *The Last of Mrs Cheyne*, at the Cambridge Theatre, closes next Saturday; and *Middle Age Spread* comes to an end at the Apollo Theatre on February 7 after a long run.

## BMA head foresees 2000 doctors on the dole

By Nicholas Timmins

Doctors

Doctors are facing a growing risk of unemployment, Dr Michael Lowe, head of the British Medical Association's hospital division, said yesterday. "It is a question of health authorities cutting back, coupled with the fact that we are seeing a pumping up of people through medical schools," Dr Lowe said. "This is making the profession extremely concerned about unemployment."

Figures published last summer show that 400 doctors were unemployed, "but all the indicators lead us to believe that we are heading for considerable medical unemployment."

Dr Lowe said he believed there should be a cut to 3,700 a year in the intake of medical students, now about 3,900 and due to rise to more than 4,000.

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## Fourth Rampton charge

By a Staff Reporter

Doctors

A fourth charge at Rampton high security hospital, in Nottinghamshire, has been charged with allegedly ill-treating a patient, and the decision to take proceedings has been approved by the Director of Public Prosecutions (DPP).

The nurse, Harry Dexter, is to appear in Mansfield Magistrates' Court on February 19. He is charged with ill-treating Mr Richard Wianik, a patient

who was receiving treatment for mental disorder, contrary to Section 126 of the Mental Health Act 1959. The alleged incident took place on February 5, 1979.

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## Two convicted of racial hatred plot

From Our Correspondent

Birmingham

Two members of the British Movement were found guilty at Birmingham Crown Court yesterday of a conspiracy to foment racial hatred by the use of stickers attacking Jews, communists and coloured communities. They will be sentenced today together with five other men who have pleaded guilty to the illegal possession of firearms, including a Sten gun and ammunition.

Roderick Lewis Roberts, aged 27, of Longbridge, and Harvey Stock, aged 40, of Bournville, both Birmingham, were found guilty of plotting to distribute threatening, abusive or insulting material likely to stir up racial hatred. They had denied the charge.

Mr Justice May ordered the stickers to be destroyed.

The parochial church council had claimed damages of £252,284 for alleged misrepresentation, breach of contract and breach of warranty arising out of the use of the weed killer.

The crop appeared to be doing well but did not do so after being treated with the weed killer, Altrazine 50.

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## £42,000 damages over dead Christmas trees

From Our Correspondent

Birmingham

A country rector received £42,000 towards his church restoration fund in the High Court yesterday. The Rev Edgar Pearson, aged 63, received the award of damages after Mr Justice Gibson ruled that a weed killer made by Fisons caused Mr Pearson's Christmas trees to wither and die.

Mr Pearson grew Christmas trees to raise cash to pay for the restoration of the eleventh-century St Mary's Church at Dullingham, near Woodbridge, Suffolk.

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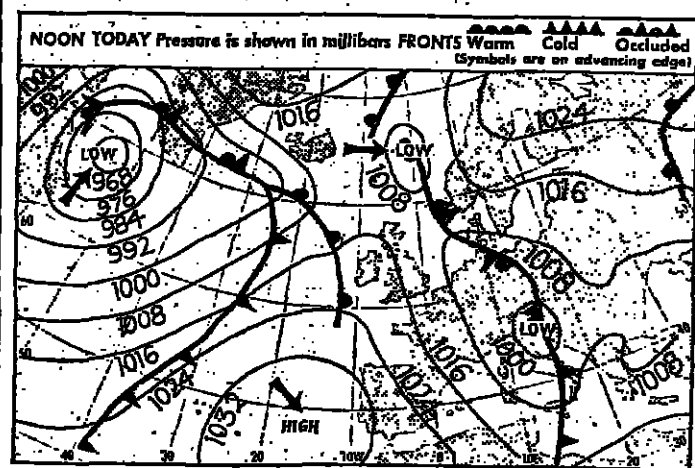
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## Weather forecast and recordings



**Today**  
Sun rises: 7.55 am  
Moon sets: 4.25 pm  
Sun sets: 7.54 am  
Moon rises: 4.53 pm

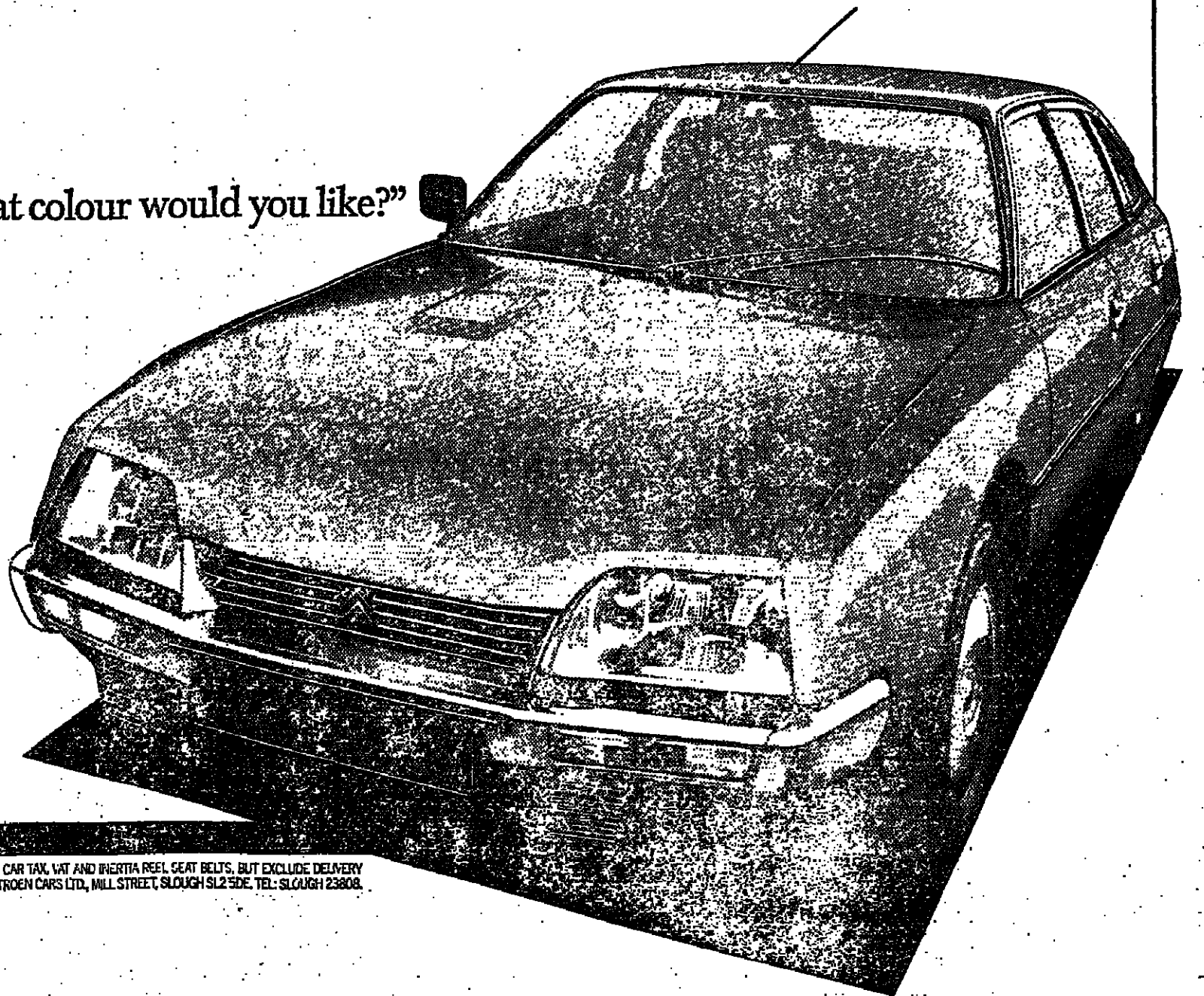
Full moon: 7.39 am  
Lighting up: 4.59 pm to 7.24 am  
High water: London Bridge, 1.35 am, 6.50 am, 1.58 pm, 6.50 am, 1.58 pm, 6.50 am, 1.58 pm, 6.50 am,



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## HOME NEWS

# Volunteers are at the heart of providing social welfare, Mrs Thatcher tells the WRVS

By George Clark  
Political Correspondent

No matter how rich Britain may become, there is no way and no Budget that could produce statutory social services to meet the needs of the voluntary groups, says Mrs Margaret Thatcher, told the Women's Royal Voluntary Service's annual conference in London yesterday.

In the end, the Prime Minister said, real neighbourliness and understanding care came most naturally from those who chose to give it voluntarily.

"This enthusiasm for voluntary help is therefore not the result of the need to reduce government spending. It is as important at times of expansion and economic growth as it is during a recession," Mrs Thatcher said.

"There are those who carp, and imply that the volunteer is just a cheaper substitute for salaried staff; quite the contrary. The volunteer movement is at the heart of all our social welfare provision."

The statutory services were supportive, underpinning where necessary the work of voluntary groups, filling the gaps, helping the helpers. "They are vital in serving out the logistics, but the army in the field is overwhelmingly made up of volunteers," the Prime Minister said.

Local authorities, directors of social services, professionals and the specialist press were increasingly determined to shift the emphasis of statutory provision so that it became an "enabling" service, making it possible for volunteers to do their work more effectively.

Mrs Thatcher said there was a growing army of self-helpers, informal grass-root groups dedicated to meeting local needs in individual ways.

"Here it is where real hope lies," she said. They depended on the old-established organizations like the WRVS to provide them with the tools they needed to carry on their job.

"None of us need feel put



Mrs Thatcher addressing the WRVS yesterday.

out because some other group is tackling problems in a different way. Variety is one of the glories of the voluntary movement."

There need be no conflict between the newer organizations and the older ones. "It is only by recognizing that there are many things we cannot do as effectively as others that we free ourselves to do the things that we can do best," the Prime Minister said.

"That is a lesson Government has to learn all the time. We politicians and administrators must not forget that the state has a limited role. Yet it is so easy for people to expect the state to do more than it ought

to do. There are real temptations for politicians to pretend that they are able to do much more than is ever possible.

"That is why I welcome the way in which we in Britain recognize that it is right for the Government to help independent voluntary bodies financially, because either they can do things which the Government cannot do, or they can do them better," Mrs Thatcher said.

Last year the Government gave about £85m in grants to voluntary organizations, and much of this called out matching contributions from industry and individuals. It was to make this partnership easier that the last Budget included a £30m package of tax concession designed to increase income from charitable giving.

Again, the Prime Minister said, this was done as a way of saving taxpayers' money. Government help to voluntary bodies had, in fact, been increased. That was intended to increase the independence of charities.

"If too much of the money comes from Government then too much of the direction of activity is dictated by the priorities of Government and too little by the demands of the situation on the ground."

"The vitality of voluntary organizations would be sapped if they made themselves the creatures of the Government."

Charities call: Forty-five charities are to ask the Government to withdraw a circular allowing health authorities to raise funds for the National Health Service. (Nicholas Timmins writes).

The decision came after protests from the National Council for Voluntary Organizations that the circular will mean unfair competition for voluntary organizations from the NHS. The charities fear the health service will be able to attract funds for acute medical and surgical services at the expense of the charities.

## Whitehall brief: Speech that may harbingers far-reaching reforms by Labour

# Better read the writing on the wall in Barnsley

By Peter Hennessy

Ask the average permanent secretary if he has weighed the significance of the fifth Dame Sara Barker Memorial Lecture delivered in Barnsley on a Saturday in December and you will, as like as not, be greeted with a look of blank incomprehension.

But the more far-sighted senior civil servants of this world would be well advised to send round to Labour Party headquarters for a copy because it might—just might—represent a significant harbinger of a root-and-branch reform of the Whitehall machine should a Foot administration take office.

It was delivered by Mr John Silkin, shadow Leader of the House, who has been given what he describes as a very large remit on the subject by Mr Michael Foot after the shuffle of Shadow Cabinet portfolios. He told his South Yorkshire audience on December 13:

"There is a great need for change in the Civil Service. It is Establishment-minded and it is by its nature slow to act. A strong minister ought to be able to carry his department with him and if there is a battle between the politicians who are democratically elected and the civil servants who are not, it is up to the minister to win the battle."

This is going to be of crucial importance when we take power after the next general election. . . . We are likely to find ourselves inheriting an industrial desert almost equivalent to the position of the defeated countries in 1945.

We shall need the kind of ministry and ministers that are able to meet the problem and we shall find that the slow-moving bureaucracy we inherit will need to adjust itself to those changes.

Mr Silkin explained last week that he would spend the next year, with the help of his number two spokesman, Mr Charles Morris, former Minister of State at the Civil Service Department (a ministry Mr Silkin wants to retain), concentrating on themes to give substance to his Barnsley declaration.

He will, for example, be casting a sceptical eye on conglomerate departments such as industry and social security. That particular one, he believes, was put together by Sir Harold Wilson in 1968 only to create a job suitable for Mr Richard Crossman. Other Whitehall citadels where he feels a winnowing out of functions may be necessary are the Department of Industry and the Treasury.

The days of a far finer body, the Central Policy Review Staff, or "think tank", with 16 members, may be numbered as well.



Mr John Silkin: "Great need for change in the Civil Service."

should Labour win power. It had never really impressed him, Mr Silkin said, because it took too academic a view of policy.

He is emphatic that his ideas are tentative at the moment and will need to go to the Shadow Cabinet when in a more finished form. But it seems likely that a Foot government could sound the death knell of the giant department and it is

significant, Mr Silkin says, that the Leader of the Opposition has already split health from social security in his allocation of frontbench briefs.

"Political imperatives" is a favourite Silkin phrase. The heart of the matter, as he sees it, is grafting them on to "an institution (the Civil Service) which has traditionally liked to give the impression that it has no great policy of its own, which is by no means true."

Mr Silkin starts with "a slight prejudice" towards the French cabinet system, where mixed teams of outsiders and specially chosen insiders work directly to ministers alongside the regular machine as a means of marrying policies endorsed at a general election with a politically neutral, highly intelligent, not to say, passive institution.

He takes seriously, too, his party's commitment to abolish the House of Lords and will spend part of this year working out a way of moving the office of Lord Chancellor and responsibility for the departments goes with it into the Commons without trespassing on the preserves of the Law Officers and the Home Secretary. There was clearly more to the Barnsley lecture than met the eye.

## In brief

### Man in car falls 70ft down shaft

Mr Andrew Newton, an advertising director of Belsize Park, London, died in hospital last night after his car had fallen 70 feet down the lift shaft of a multi-storey car park near Fleet Street.

The car had apparently been driven into the shaft before the lift arrived at the eighth floor.

### Strike is called off at Kentish Times

A dispute that affected distribution of the Kentish Times series for 18 weeks, when more than 1,500,000 copies were printed abroad and distributed free, is to be settled by arbitration. Striking drivers have returned to work and all nine papers in the series will be on sale on Thursday.

### Officer back on duty

Captain Andrew Snowball, who was given a one-year jail sentence, suspended for two years, at Belfast Crown Court on Thursday for staying silent about the deaths of two farmers in Northern Ireland in which his men were involved reported back for duty with the Argyll and Sutherland Highlanders in Scotland yesterday.

### Double murder charge

Michael Scott, aged 20, was remanded in custody at Edinburgh Sheriff Court yesterday charged with the murders of Miss Margaret Anderson, aged 69, of Elgin Terrace, and Mrs Doris Watson, aged 52, of Moira Terrace, both Edinburgh, on January 11 or 12.

### Award for 'chatterbox'

Mrs Sandra Birkett, formerly of Teynham, Kent, who was said to have become a compulsive chatterbox after suffering here injuries in a road accident, was awarded £225,000 damages by Mr Justice Michael Davies in the High Court yesterday.

### Canned meat warning

Canned meats carrying the words "British" which were sold recently may contain horsemeat. Mattisons Canned Meats said last night. The suspect products are steamed steak, streak and kidney pudding and steak and kidney pie.

### Policeman accused

Police sergeant Malvern Montgomery Burnham, aged 36, was remanded on bail at Marlborough Street Magistrates' Court, London, yesterday until January 30, charged with obstructing a policeman for an immoral purpose.

### Oarsman's death

The Royal Navy is to ask that Mr Kenneth Kerr, from Port Seton, near Edinburgh, the lone Atlantic oarsman, be officially pronounced dead. His boat, the Bass Conqueror, was found on Sunday about 70 miles off the Danish coast.

### £52,500 damages

Lovell Chukwuma, aged 12, of Finchley Road, Hampstead, London, who had been left a spastic quadriplegic after a road accident, was awarded £52,500 agreed damages in the High Court yesterday.

### 22,822 disconnections

The London Electricity Board headed the list of supply disconnections, domestic users during 1979-80 with 22,822 from an average of 1,493,910 consumers, it was stated in the Commons yesterday.

## Plea to end rule on student fees

By Lucy Hodges

Six organizations have written to Mr Mark Carlisle, the Secretary of State for Education and Science, asking him to abolish the rule requiring students to have lived in Britain for three years in order to be treated as home students.

Recent immigrants are treated as overseas students and have to pay the new higher fees for university and polytechnic courses.

The bodies objecting are the Commission for Racial Equality, the National Association of Teachers in Further Higher Education, the National Union of Students, the National Association for Multiracial Education, the Joint Council for the Welfare of Immigrants and the National Association for Teaching English as a Second Language.

Mr David Lane, the chairman of the commission, says in his letter that the rule should be replaced by the principle of whether the student intends to live in Britain.

"That many black students are treated differently when they are in no real sense 'overseas students' causes individual hardship and harms community relations, he says.

## Low life in a village that sinks

From Ronald Kershaw

Mr James Broadhead, a night shift worker from Darton, near Barnsley, South Yorkshire, is taking the remaining five days of his annual holiday to catch up on lost sleep.

He is the latest victim of mining subsidence in a village where houses sit crazily, roads and gardens collapse and National Coal Board contractors spend most of their waking hours repairing subsidence damage caused by the extraction of coal from Woolley colliery.

Mr Broadhead lives in one of a pair of semi-detached houses, 7 and 9 Bence Lane, which are affected by subsidence. The coal board rehoused his neighbours at number 9 and a week ago moved in workmen who from 8 and 4 Bence Lane, started hammering and banging as they make repairs.

Mr Broadhead has been turned into one of the coal board's more severe critics. "When I come off night shift and try to sleep it is quite impossible. They might as well be hammering on my bedhead. I have reached the end of my tether and I am having to take my holidays just to get some sleep at night."

As a trades driver working for British Steel, Mr Broadhead has to be constantly alert to safeguard the men beneath his machine. To add to his difficulties, his wife has just had an operation for cancer.

Mr Broadhead recruited the assistance of Darton Subsidence Action Group, whose chairman, Mr Donald Chamberlain, has written to Sir Derek Ezra, chairman of the National Coal Board, asking him to intervene.

Mr Broadhead said that the coal board had offered him temporary accommodation, but it was too far from the home of his daughter, who needed to be hand to care for his wife. A coal board spokesman said last night: "We would prefer not to comment until the chairman has received the letter outlining the problem."

## Police seek cars after party blaze

By Stewart Tendler  
Crime Reporter

The police were searching yesterday for two cars seen near the house in New Cross Road, Deptford, London, where 10 teenagers died in a fire on Sunday morning. Two more people were still seriously ill yesterday after the blaze, which began as an all-night birthday party was closing.

Commander Graham Stockwell, in charge of the investigation, said yesterday that a white car was seen near the house 30 minutes before the fire and what is thought to be a second car was also seen. It was full of young black men.

The police, who believe the blaze could have been caused deliberately, are urging the young people who were at the party to come forward. One teenager believes he saw someone throw something through the window of the house shortly before the fire.

Mr Stockwell said there had been reports of a fight at the party, which attracted a number of gatecrashers. Those reports had been denied by the party organizers.

## Denial on bogus arms certificate

The Zambian High Commissioner, Miss Chibesaunda, is conducting "a thorough investigation" into allegations that a member of her staff had sold a bogus certificate for arms purchase, she told the Foreign Office yesterday. She had issued a vigorous denial to the press.

Allegations in *The Observer* said that an end user's certificate was obtained from the military attaché for £1,000, paid by members of the newspaper's staff posing as arms buyers.



A view of St John's Market, Stafford. More than 20,000 people have petitioned against a plan for its removal.

## Heritage society and traders object to market project

By John Young  
Planning Reporter

Next to the eleventh-century St Mary's Church in Stafford is a garden of remembrance dedicated to the dead of the First and the Second World Wars. A notice urges people to treat it "with the respect and reverence due to their memory."

But respect and reverence are just what Stafford Council is accused of lacking in giving its approval for a new market in an adjoining car park. The Stafford Heritage Society says the proposed building is more suited to an industrial estate.

However, that is not just another dispute between a developer and a group of conservationists. More than 20,000 people have signed a petition

against the project and the St John's Market traders have applied for an injunction to prevent their being evicted from the pleasant and popular Victorian building they now occupy.

Stafford, an historic town with fine buildings, has suffered more than most of its kind from unnecessary demolition and mediocre development. Support for the petition suggests widespread resentment at the imposition of further comprehensive schemes that appear to be more in the interests of developers than of those who might be expected to use them.

The society points out that the proposed development lies within a designated conservation area, and that it would be

locked and deserted in the evenings and at weekends. It has urged councillors to visit Chesterfield, in Derbyshire, where a similar scheme was dropped in favour of rehabilitation and partial rebuilding.

Mr Robert Billington, chairman of the Stafford branch of the National Market Traders' Federation, says that all but a handful of stallholders have contributed to its campaign.

"My main objection is that we stand to lose our prime trading site in the centre of the town," he said.

Mr Billington and Mr Stanley Hewitt, secretary of the heritage society, say that the important decisions were taken by the council in private, and that the public was given only two days to inspect the plans.

Mr Ronald Humphries, the council's chief executive, said the scheme had originated in its desire to dispose of the old Guildhall, which adjoins the market and which had become too expensive to maintain.

The council had looked at three development applications, and had selected one by Arrowcroft Investments. The market was needed to provide continuity of trading while redevelopment was taking place.

Mr Dennis Edson, of Arrowcroft, said the scheme took the character of the town firmly into consideration. The market traders were being catered for and would eventually have much better premises.

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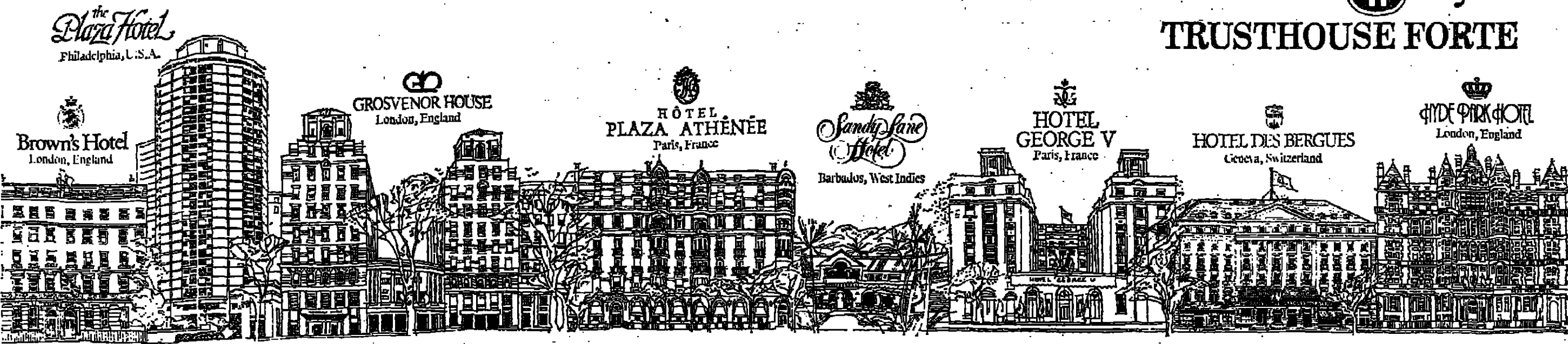
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## WEST EUROPE

## By-election result indicates that Mitterrand-Giscard contest would be close run thing

From Charles Hargrove, Paris, Jan 19

Political analysts have been examining the results of the second round of the by-election at Les Andelys in the Normandy department of Eure, to discover how Jacques Tautou, the Gaullist candidate, beat Marcel Lemaire, the Communist candidate, by a comfortable margin of nearly 5 per cent.

The lessons are obvious: When the Gaullists and Giscardians are united, they can beat the left; and when the Communists, the voting discipline of some Socialists is not all that it should be.

This was the last electoral test before the presidential elections 100 days off, and the Giscardian UDF, which made a great effort between the two ballots to rally the doubters and the abstainers, has been rewarded.

The result was by no means a foregone conclusion. Although Les Andelys has been a safe Gaullist seat since 1958, the total of votes for left-wing candidates in the first ballot exceeded the Government majority by nearly 15 per cent.

It was a big handicap to overcome. But then neither the

Communists, nor the Socialists, did very much to encourage so-called "republican discipline" among their supporters, the first in the words of M. George Marchais, the Communist Party leader, openly suspecting the second of treachery and strategic with the right; and the Socialists, who were the Communists of deliberately scuppering the left for their own advantage.

Things being what they are, as General de Gaulle used to say, they could have gone far worse for the left, most of the Socialist voters overcoming their distrust of the Communist candidate to rally to his side, save for a thousand or so, who abstained, or switched to the Gaullists.

The left had done well in the earlier series of by-elections last autumn because the Socialists were carrying its colours into battle, and the Gaullists and Giscardians were fighting among themselves. Naturally, the Communists refuse to see it that way.

Mr. Roland Leroy, the editor in chief of *L'Humanité*, the Communist organ, and an influential member of the party, declared today that the setback at Les Andelys proved the "existence of a consensus between Gaullists, the UDF, and the Communist majority was due to the violent anti-Communist campaign of the Socialist press."

The Socialists have given it for Mr. Charles Hernu, a member of the Socialist executive, remarked that "the Communist Party is thus paying for its brutal and anachronistic anti-Socialist campaign."

All this might seem very paralytic were it not for the lessons that it holds for the presidential elections. If, as seems most unlikely, M. Marchais were the champion of the left in the second ballot of the presidential elections, it would not stand a ghost of a chance of beating President Giscard d'Estaing; but if it is M. François Mitterrand, the odds are as things stand, pretty even.

The Socialist leaders' candidature is likely to be overwhelmingly endorsed by the party congress at Créteil, near Paris, next Saturday.

All this confirms the verdict of M. Michel Pinton, the delegate of the Giscardian UDF, a few days ago that the Socialists were far more dangerous to the Government majority now than the union of the left was defunct. He could have added that with one Giscardian candidate (the President) and most probably three Gaullist, the Government majority was hardly getting a convincing bid for unity.



A shattered coach of the Paris underground express after a collision at Auber station yesterday. One person died and 71 were hurt.

## China snubs Dutch for Taiwan sale

From Robert Schull, Amsterdam, Jan 19

China has carried out its threat to reduce diplomatic relations with the Netherlands from ambassadorial level to that of chargé d'affaires. Peking has warned the Dutch Government that it would revoke their decision to sell two submarines to Taiwan.

The centre-right coalition of Christian Democrats and Liberals, led by Mr. Andries van Agt, last Friday stood by its decision to allow the sale, despite the fact that the Netherlands formally acknowledged Taiwan's status as a Chinese province in 1972.

At a press conference Mr. Shen Zhihua, a spokesman for the Chinese Embassy in The Hague, said that if the Netherlands went ahead with the sale, present and future trade relations between the two countries would suffer severely. Shell, which is prospecting for oil in China, has been told that under the present circumstances it is not advisable for it to pursue its activities.

The Chinese diplomat did not rule out the possibility of a complete break in diplomatic relations. He added that the United States would suffer a similar fate to the Netherlands if it sold weapons to Taiwan.

Mr. Christoph van der Klauw, the Dutch Foreign Minister, has categorically denied that the Netherlands has been influenced by the United States in its decision to sell submarines to Taiwan. He also denied that influence had been exerted by advisers to President-elect Ronald Reagan.

The trial of eight anti-Franco militants which opened at the Paris assizes today has raised a storm of protest in left-wing and anti-Francoist quarters here. They object to the militants being tried in France for a crime which has been pardoned by the new democratic regime in Spain.

The militants are accused of kidnapping Señor Balharaz Angel Suarez, a Spanish banker, in May 1974. Some people who were held in Spain for allegedly taking part in the kidnapping have been released.

Señor Suarez, the manager of the Bank of Bilbao in Paris, was kidnapped from his home at Neuilly, the smart Paris suburb, and released less than three weeks later when a ransom of 3m francs (about £276,000) was paid. The abduction was carried out by the Gari, the internationalist revolutionary action group, as a reprisal for the execution of Señor Fulgencio, an anti-Franco militant.

The Gari said at the time

## Peg on green pound inflates UK food bill

From Michael Hornsby, Brussels, Jan 19

The European Community's tax on Britain's food imports rose to a record 13.5 per cent today and could go up to as much as 14.6 per cent next week in response to sterling's inexorable rise on the foreign exchange markets.

The increase in the tax results from the refusal by Mr. Peter Walker, Minister of Agriculture, Food and Fisheries, to see a readjustment of the "green pound", the special exchange rate used in translating EEC farm prices into sterling to keep it in line with the soaring pound.

One consequence of this policy is that British consumers are being denied an average cut in food prices comparable to the 2.6 per cent. It also adds to the British contribution to the Community budget since the proceeds of the tax are passed to Brussels.

Mr. Walker's defence is that abolishing the tax by revaluing the "green pound", which

would at a stroke cut EEC farm price subsidies by the full amount of the tax, would entail a savage loss for British farmers, outweighing what he sees as a marginal gain for consumers.

Mr. Walker also argues that the import tax which acts as a corresponding subsidy on Britain's food exports, protects the competitiveness of at least one sector of her export trade.

Whatever the merits of these arguments, the policy pursued by Mr. Walker could present a dilemma at the annual negotiations on fixing EEC farm prices.

Assuming that the pound stays strong, Britain will undoubtedly face severe pressure to revalue the "green pound" from other member states which resent the competitive advantage it affords her farmers.

However, any rise in the "green pound" will correspondingly reduce the benefit to British farmers of any general increase in farm prices that is agreed.

governor's office in the northern city of Pamplona as it blew up a passenger lorry instead, without injuring the driver.

In San Sebastian, "independent units" related to the military wing of the ETA wrecked a newspaper delivery van and its contents yesterday. Two hooded men placed firebombs inside the vehicle when its driver was delivering copies of the daily *La Gaceta del Norte*.

Mr. Hough, the Administrator-General of Namibia, said in Windhoek today that the United Nations plan to "re-evaluate the entire situation concerning the Territory" after last week's failure of the Geneva conference to agree on a date for the implementation of the United Nations settlement plan for Namibia.

Mr. Hough headed the South African-led delegation, which included eight internal parties, at the conference. The meeting ended at a date for the implementation of the United Nations settlement plan for Namibia.

## Unifil loses three soldiers in Lebanon attack

Jerusalem, Jan 19. — Three

Senegalese soldiers serving with the United Nations Truce Supervision Force in Lebanon (Unifil) were killed today, a United Nations spokesman said. Palestinian guerrillas were thought responsible.

The three were shot in an observation post near the village of Bakh, east of the port city of Tyre.

Guerrillas also fired on a helicopter carrying the Unifil commander, General Emmanuel Erskine, of Ghana, over South Lebanon, the spokesman said. It is unclear whether the helicopter was hit.

A Fijian soldier wounded in a clash with Palestinians died in an Israeli hospital today, bringing the number of Unifil men killed to 54 since the force was sent to the Lebanon after an Israeli invasion in 1978.

United Nations officials said there was tension between Unifil and Palestinian guerrillas after United Nations troops disarmed several guerrilla groups on their way to attack Israel. — Reuters.

## Governor's office blasted

From Harry Debelius, Madrid, Jan 19

The San Sebastian headquarters of the Basque government, was blasted this morning by two rounds from a bazooka fired from a passing car. No one was hurt, police said.

The incident was the second of its type in 15 days in the Basque country. The previous attack was aimed at the civil

governor's office in the northern city of Pamplona as it blew up a passenger lorry instead, without injuring the driver.

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## OVERSEAS

## Settlement ploy by hardliners of Knesset

From Christopher Walker, Jerusalem, Jan 19

Hardline ministers in the Israeli Government are proceeding with a controversial plan to increase the number and strength of Jewish settlements in the occupied territories in order to limit the possibilities of any being dismantled by a future Labour administration.

It was disclosed today that new Jewish settlements are to be established in the occupied West Bank while an attempt to set up three others is being challenged by Professor Yigal Yadin, the Deputy Prime Minister, who leads the Democratic Movement, the most dovish group in the coalition.

But the main failure for which he is now paying, the Israelis assert, was his foreign policy, especially his "adventurism" and attempt to lead the country back into a cold war with the Soviet Union.

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Political observers speculate that Professor Yadin's objections will be overruled by the Government's committee and that approval for the new settlements will be given before the end of the month.

Of the two new settlements definitely to be set up before polling day, one will be built on an Arab village about five miles from Tel Aviv's main airport. The other is to be established near Ariel, the rapidly expanding Jewish settlement town which was named after Mr. Ariel Sharon, the Minister for Agriculture.

At yesterday's crucial Cabinet meeting which decided to advance the election date to July, Mr. Sharon argued forcibly that the Government had assumed responsibility for many thousands of Jewish settlers since 1977. It had to strengthen their position as much as possible, he stressed, both for their personal safety and to prevent the establishment of a Palestinian state.

The Minister, a former general in the Israeli Army, also stressed that his position should do everything during the remaining months in office to avoid any volte face on settlement policy.

## Suzuki tour dampens Asean expectations

From David Watts, Bangkok, Jan 19

Long before his arrival in Bangkok, Mr. Zenko Suzuki, the Japanese Prime Minister, had been expected to outline a new approach to the region at the conclusion of his tour.

As he progressed through the five countries of the Association of South-East Asian Nations (Asean), individual members of his party became clearer, most of them centring on economic questions.

As each of those facets has emerged it has somehow wetted the imagination that there would emerge in Bangkok a new diplomatic initiative to announce in Bangkok, the Japanese party has been emphasizing that Japan, as a new, non-permanent member of the Security Council, will continue to press on with its efforts to find a solution to the Kampuchean problem through more conventional diplomatic channels.

Several times the Japanese Prime Minister has promised that Tokyo will continue to try to persuade the Chinese to withdraw from their support for the Khmer Rouge in Kampuchea so that Vietnam's oft-quoted complaint about Chinese pressure will be invalidated.

The Japanese are also giving more financial help for the settlement of Thai villagers displaced from the Kampuchean border region.

Mr. Suzuki, answering questions at a press conference in the Thai capital today, said that he had never envisaged his tour breaking new ground but rather as a visit to seek to consolidate and enhance Japan's relationship with Asean.

If, ultimately, a Suzuki doctrine emerges from the visit, it will take the form of the kind of commitment to support that Mr. Suzuki, as an agriculturalist, delights in: economic cooperation with the Asean countries, technical assistance, transfer of technology and cultural exchanges. But then that is scarcely new.

Mr. Hough said: "We will have to re-evaluate what our attitude to United Nations Resolution 435 (which embodies the settlement plan) is. I cannot say more, but I personally think that there will have to be a total re-evaluation process."

This was the first indication by any of the parties which attended the Geneva conference that the United Nations plan may no longer be considered a suitable basis for settling the Territory's future. When the conference ended last Wednesday the South Africans, the Democratic Turnhalle Alliance (DTA), the main internal party, as well as the South West Africa People's Organization (Swapo), the five western powers and the black African "front line" states all re-

affirmed their support for Resolution 435. Mr. Mugabe, Zimbabwe's Prime Minister, to Zambia today sealed an agreement to bring a greater independence from South Africa (Stephen Taylor writes from Salisbury).

The visit also enabled Mr. Mugabe to discuss a number of sensitive issues with President Kenneth Kaunda after a period of coolness.

Although Mr. Mugabe declined to speak to the press on his return to Salisbury this morning, it is understood that the agreement signed today to set up a joint commission of cooperation—provides for a series of development projects in the areas of transport, communications and food.

## Soviet anxieties about Mr Reagan temper jubilation over President Carter's departure

From Michael Binyon, Moscow, Jan 19

The Soviet attitude to President Carter and his Administration as they leave office can be summed up in the crude phrase: "Good riddance to bad rubbish." Indeed over the past few weeks the Russians have taken every opportunity to consign the outgoing American leader, in the Tass cliché, "to the dustbin of history."

Commentators have dwelt on the failures of the Carter Administration, which they say led to the President's decision to leave office. These include his economic policy, prices and unemployment, and his attempts to shift the burden of his difficulties on to the working people.

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record defence budget in spite of earlier promises to cut defence spending.

This reversal has been accompanied by the vociferous campaign around the so-called "Soviet menace" and a build-up of chauvinistic passions in the "United States," the paper said.

It noted that he had shelved ratification of Salt, broken off trade relations with the Soviet Union, called for a boycott of the Moscow Olympics and aggravated the international situation.

The list sums up the Russians' complaints about the outgoing President, whom they never understood, distrusted and ended up disliking with an almost personal animosity. But above all it was Mr. Zbigniew Brzezinski, his national security adviser, whom they hated, seeing him as the hardline anti-Soviet adviser in the President's entourage.

Tass recently singled him out as the leading proponent of strategic defence, the Soviet Union through a global alliance between Nato, China and Japan.

Added: "History has not given Brzezinski any more time for the implementation of this crazy project. His anti-Sovietism has proved to be not only his own undoing but also that of the entire Carter Administration. Seven days from now this self-styled 'theoretical' is departing for the political rubbish dump."

## Survival of British monk 'a miracle'

Mendoza, Argentina, Jan 19. — A British Benedictine monk, who for eight days without food down Mount Aconcagua after getting lost near the summit. Doctors who examined him last night called his survival "a miracle."

A spokesman at Mendoza's military hospital said Father Piers Grant-Ferris, aged 47, was in excellent condition except for a single frostbitten toe.

The monk, an experienced climber, got separated from his companion, Ian Tattersall, on January 9. They descended after planting a small iron cross at the summit of the mountain, which is 22,965 ft high.

Mr. Grant-Ferris apparently wandered down the eastern face. A goat farmer near the village of Polvadera, at 9,842 ft, saw him walking down on Saturday and summoned an Army mule patrol.

A family spokeswoman said the climber told his mother, Lady Harrington, at his hospital that it was his fault that brought him down. He walked for four straight days and nights before sleeping.

The monk was in a cheerful mood at the hospital, blessing everyone in sight. He even joked that he was "even alive," a hospital spokesman said. — AP.

Mr. Marcos says he may relinquish power. Manila, Jan 19. — President Marcos today said for the first time he might step down from power. He announced the move in a speech denying that the United States or public opinion in his country forced him to end the eight-year-old martial law regime last Friday.

The President gave no date for the ending of his reign. He has ruled the Philippines for 15 years. But he said: "There comes a time when a leader has to leave."

In his state-of-the-nation address before the interim National Assembly, he said he repealed his 1972 martial law declaration because all factors seemed to be favourable, despite what he called "overwhelming public opinion to retain martial law."

The United States, he said, "never asserted pressure for either the promulgation of martial law or its lifting, popular newspaper accounts notwithstanding."

Washington had "at times submitted requests concerning alleged treatment of political prisoners, but this was the most ever done."

President Marcos reaffirmed his pledge that a full National Assembly would be elected in about two years.

He said full legislative powers would now rest with the interim National Assembly. — Agence France-Press.

Mr. Hough said: "We will have to re-evaluate what our attitude to United Nations Resolution 435 (which embodies the settlement plan) is. I cannot say more, but I personally think that there will have to be a total re-evaluation process."

This was the first indication by any of the parties which attended the Geneva conference that the United Nations plan may no longer be considered a suitable basis for settling the Territory's future. When the conference ended last Wednesday the South Africans, the Democratic Turnhalle Alliance (DTA), the main internal party, as well as the South West Africa People's Organization (Swapo), the five western powers and the black African "front line" states all re-

## Approval for most of new US Cabinet

From David Cross, Washington, Jan 19

True to its word, the Senate today paved the way for most of the new Cabinet to be placed soon after President-elect Ronald Reagan is sworn into office.

At meetings on Capitol Hill today, various Senate committees gave the overwhelming support to several nominations to the Cabinet, including Mr. Casper Weinberger, the Defense Secretary-designate, and Mr. Donald Regan, the Treasury Secretary-designate. The full Senate is due to meet shortly after Mr. Reagan's inauguration at noon tomorrow to give its formal blessing to nearly all members of the Cabinet.

The exception will be Mr. Alexander Haig, Mr. Reagan's nomination for Secretary of State, and Mr. Raymond Donovan, the Labor Secretary-designate. Mr. Haig's formal confirmation by the full Senate is expected to be held up until Wednesday because at least one member of the Upper House requires time to make a long speech condemning his nomination.

Mr. Donovan's confirmation is likely to be delayed into next week while senators continue to investigate allegations that his New Jersey construction firm "received" a large payment in local trade union for industrial peace.

All the prospective Cabinet members gathered today at Blair House, Mr. Reagan's temporary lodgings across the street from the White House, for another in a long series of preparatory policy meetings. Their deliberations were expected to focus on economic matters which the President-elect has made the chief priority of his Administration.

During these final days before his inauguration, Mr. Reagan has been sandwiching his work sessions between more enjoyable pursuits like feasting privately at some of Washington's best restaurants and attending the occasional public event.

But since the end of last week when it seemed clear that the hostages in Iran might finally be returning home, the President-elect has had to take second-star billing behind President Carter. Whenever he has poked his nose out of Blair House in front of the television cameras he has inevitably been asked whether he has any new information about the fate of the hostages.

The inauguration ceremony and all its trappings, which began last Friday evening and will end with a series of balls in the early hours of Wednesday morning, is costing a record \$3m (£2.3m).

The Republican Party and presidents have a reputation for organizing extravaganzas like inaugurations with minute care. The party has so complicated the arrangements for this year that there have been all sorts of unfortunate mishaps. The worst has been the disappearance of a block of tickets for inaugural functions. The party has been charged with the task of allocating them to their owners.

Mr. Marcos says he may relinquish power. Manila, Jan 19. — President Marcos today said for the first time he might step down from power. He announced the move in a speech denying that the United States or public opinion in his country forced him to end the eight-year-old martial law regime last Friday.

The President gave no date for the ending of his reign. He has ruled the Philippines for 15 years. But he said: "There comes a time when a leader has to leave."

In his state-of-the-nation address before the interim National Assembly, he said he repealed his 1972 martial law declaration because all factors seemed to be favourable, despite what he called "overwhelming public opinion to retain martial law."

The United States, he said, "never asserted pressure for either the promulgation of martial law or its lifting, popular newspaper accounts notwithstanding."

Washington had "at times submitted requests concerning alleged treatment of political prisoners, but this was the most ever done."

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affirmed their support for Resolution 435. Mr. Mugabe, Zimbabwe's Prime Minister, to Zambia today sealed an agreement to bring a greater independence from South Africa (Stephen Taylor writes from Salisbury).

The visit also enabled Mr. Mugabe to discuss a number of sensitive issues with President Kenneth Kaunda after a period of coolness.

Although Mr. Mugabe declined to speak to the press on his return to Salisbury this morning, it is understood that the agreement signed today to set up a joint commission of cooperation—provides for a series of development projects in the areas of transport, communications and food.



## IRAN HOSTAGES

'An unusual and extraordinary threat to the national security'

## The ordeal that began in Tehran 443 days ago

## Devastating defeat for Carter foreign policy when Shah was driven from throne

By Patrick Brogan

Washington, Jan 19

The conclusion of the long dispute between Iran and the United States over the 52 hostages held in Tehran, makes a melodramatic end to Mr Carter's presidency. Like the evacuation of Dunkirk, the recovery of the diplomats will be proclaimed as a victory when in fact it is a further reflection of the serious defeat which Iran has constituted in American foreign policy.

The defeat was not the seizing of the embassy on November 4, 1979, it was the collapse of the Shah's regime. For the rest of his presidential term, nearly two years out of four, Jimmy Carter set forth in the ruins, like Marius at Carthage. At last has come relief, and Mr Carter can return happy to Plains: The hostage crisis may have cost him re-election, but he redeemed the captives in the end.

The overthrow of the Shah, with all the consequences to Western positions in the Gulf that have followed, was a catastrophic defeat for America. Its effects were compounded by the President's reactions to the taking of the hostages.

That event was closely followed by two others that might be thought to reflect similarly on the decline of American influence.

On November 20, 1979, a Pakistani mob burnt down the American Embassy in Islamabad, and with the complicity of the Pakistani Government. On December 2, 1979, a Libyan mob burnt down the American Embassy in Tripoli, under the direction of the Libyan Government.

Those episodes were handled, by Washington with admirable restraint, and have left few scars. Admittedly, the seizure of the entire staff of the American Embassy in Tehran was a more serious insult. One man was killed in Islamabad, whereas in the case of Iran, Ayatollah Khomeini held America hostage.

Nevertheless, Mr Carter over-reacted, and it is hard to dispute that he did so partly out of concern for his own domestic political difficulties.

An entirely valid historical parallel is possible. In January, 1963, another election year, the USS Pueblo was seized by North Korean ships and its crew interned. President Johnson got the crew back by quiet diplomacy (they were released just before Christmas) and steadfastly refrained from playing to the gallery.

When the American Embassy

in Tehran was occupied on November 4, 1979, Mr Carter's popularity was at a disastrously low ebb. The polls had persuaded Senator Edward Kennedy that the Democratic nomination was his for the asking, and he had arranged to announce his candidacy on November 7.

The date backedfire on Mr Kennedy. Mr Carter exploited the political advantage of the Iranian crisis for all it was worth. He refused to campaign, preferring to stay in the White House to help the hostages. In the event it was surprising that Mr Kennedy did as well as he did.

Mr Carter won the nomination, but by the time of the Democratic Convention in August, the party was badly split and the President had discredited all the popularity he had won in the early days of the crisis by appearing "presidential" and effective.

Above all, his efforts failed to win the hostages' release. In an episode that came back to haunt him, on April Fool's Day, the day of the Wisconsin primary, which he feared would win, the President, summoned reporters to his office and told them that a "major breakthrough" was imminent. The Iranian Government was about to take the hostages away from them.

He won the primary, but the hostages remained in the hands of the students. When a new flurry of reports that they were about to be released came just before the election, no one believed the President. People remembered Wisconsin, remembered the endless failures. It was enough to guarantee Mr Ronald Reagan victory.

It is unlikely that events in Iran had any effect on the Soviet decision to invade Afghanistan on Christmas Day, 1979. It played its part, however, in Mr Carter's reaction, which was as immediate as his reaction to the seizure of the hostages, though in a better cause.

He called it the most severe threat to world peace since the Second World War. The SALT treaty, that should have been the capstone of Mr Carter's foreign policy, was lost in the rush. Mr Carter tried to lead his allies to a boycott of the Soviet Union, and of the Olympics, and largely failed. It was a striking demonstration of the shrinking in American power that has occurred over the past 20 years.

It would be totally unjustified to blame it on Mr Carter.

Indeed, he was the unfortunate president who was first held to blame for a deterioration that began in the 1960s. Mr Reagan and Mr Kennedy have pointed in arguing that America is no longer as respected in the world.

The world would have followed President Eisenhower's lead, or President Kennedy's lead in responding to a Russian invasion of Afghanistan, as it refused to follow President Carter's.

It is probably small consolation to Mr Carter that his successor is going to discover very quickly that he, too, must put up with the same diminution in America's role in the world that so troubled Mr Carter.

It is easy now, after the event, to see that the Americans should have kept quiet when the hostages were seized. In retrospect, Mr Carter's various moves and statements seem futile and self-defeating.

However, the cardinal error in judgment took place two years earlier, in 1978, as the Shah's empire unravelled and the Americans failed utterly to recognize what was happening. The last American ambassador in Tehran has recently claimed that if his advice had been heeded, late in the year, the Shah would have been quietly deposed by his own army and Dr Mehdi Bazargan would have taken over, to maintain close friendship with the United States and keep ayatollahs in their place.

It would have been a more convincing argument if he had advanced it six months earlier, before the summer massacres. As it was, Mr Carter supported the Shah to the bitter end, and has reaped the undying hostility of the new revolutionary regime.

After the failure of the rescue, Mr Zbigniew Brzezinski, Mr Carter's national security adviser, said that the operation told the world: "Do not scoff at American power, do not scoff at American resolve." In the context, it was an utterly famous remark but in a wider sense it was perfectly justified.

The United States remains an enormously powerful nation, whose strength and influence in the world could be greatly increased under a more clear-headed president and foreign policy establishment. Mr Carter's experience over the hostages is a text-book demonstration of how it should not be done, how to ensure that America should be scoffed at and its power underestimated.

May 18-24: The International Court orders Iran to release the Americans and to pay the United States compensation.

May 25-31: Three European socialist leaders, Chancellor Bruno Kreisky of Austria, former Prime Minister Olof Palme of Sweden and Socialist Party leader Felipe Gonzalez of Spain, meet Mr Bani-Sadr in Tehran. The new Iranian Parliament is convened on May 28. Border clashes with Iraq are reported.

June 1-7: Defying an American ban on travel to Iran, Mr Ramsey Clark, former Attorney General, and nine other Americans arrive in Tehran for a "crimes of America" conference of delegates from 50 nations.

June 15-21: Authorities in Iran report a military plot to topple the Government. At least 127 members of the armed forces are reported to have been arrested and 150 others are being sought.

June 29-July 5: An Iranian Justice Ministry investigator says Marine Staff Sergeant Michael Moeller, aged 28, a hostage, will be tried on charges of seducing an Iranian woman who later was hanged by her brother as her punishment. In Cairo, the Shah undergoes surgery for the removal of fluid in his lungs.

July 13-19: An attempt is



Left to right: Thomas Ahern, aged 48; Clair Barnes; William Belk, 44; Robert Blucker, 52; Donald Cooke, 25; William Daugherty; Robert Englemann, 33; William Gallegos, 22, Marine Corps; Bruce German, 43; Duane Gillette, 24; Allan Golacinski, 29.



John Graves, 53; Joseph Hall, 31; Kevin Hermening, 20, Marine; Donald Hohman, 38; Leland Holland, 52; Michael Howland; Charles Jones, 40; Malcolm Kalp; Moorehead Kennedy, 49, Economic Attache; William Keough, 49, Director of the American School of Teheran.



Steve Kirtley, 22; Kathryn Koob, 43; Frederick Kupke, 33; Bruce Laingen, 57, Charge d'Affaires; Steven Lauterbach, 28; Gary Lee, 37; Paul Lewis, 23, Marine; John Limbert, 37; James Lopez, 22, Marine; Johnny McKeel, 27.



Michael Metrinko, 33; Jerry Miele, 42; Michael Moeller, 29, Marine; Bert Moore, 44; Richard Morefield, 51, Consul General; Paul Needham, 29; Robert Ode, 64; Gregory Persinger, 22; Jerry Plotkin, 47; Regis Ragan, 38.



David Roeder, 40; Barry Rosen, 36, Press Attache; William Royer, 49; Thomas Schaefer, 50; Charles Scott, 48; Donald Sharer; Rodney Sickmann, 22; Joseph Subic, 23; Elizabeth Swift, 39; Victor Tomsath, 39, Vice-Consul; Phillip Ward, 30. These names have been compiled from family and other sources as the United States has never yet published an official list.



The mangled wreck of an American helicopter following the abortive commando rescue mission last April.

## The attack on the embassy

At 10 o'clock on Sunday, November 4, 1979, several hundred thousand Iranians were marching in the rain towards the university in Tehran to take part in a funeral ceremony for Iranian soldiers killed in Kurdistan, when some 400 students among the marchers suddenly changed course.

They headed for the United States Embassy, armed with clubs, climbed the outside walls and iron gates, and spread out across the inner park to the mission buildings.

Negotiations with embassy people who refused to let them in took two hours. Then the students launched their attack. American Marine guards threw a few tear gas bombs but were overwhelmed.

Everybody inside the embassy was taken prisoner by the youths, who called themselves "Islamic students" following the road traced by the Imam, Ayatollah Khomeini.

At 1 o'clock, the American flag was replaced by a piece of white cloth bearing the words: Allah Akbar (God is the greatest). Thus began the affair of the American hostages, which was to widen into a protracted international issue.

At that moment, American diplomats and Marines were seen crossing the embassy courtyard blindfolded their hands tied behind their backs, escorted by young men and women all wearing portraits of Ayatollah Khomeini pinned to their clothing.

All prisoners were taken to the consular section, in another embassy building, and were promised they would not be harmed.

Security forces, police as well as revolutionary guards, meanwhile cordoned off the embassy, as the students announced their condition for the release of the hostages: the Government of the United States was to "deliver the Shah of Iran".

In the streets, tension was steadily mounting. An American flag was burnt before hundreds of people raising their fists. Anti-American slogans were shouted over a loudspeaker.

At irregular intervals, the embassy doors opened for Iranian employees of the embassy to be released. At 6 o'clock, reporters were let in. The students told the reporters that they had the support of Ayatollah Khomeini and that documents discovered at the embassy proved the absence of anti-American militancy on the part of the Iranian Government of the day, that of Dr Mehdi Bazargan.

By nightfall, the students settled in at the embassy, for much longer than anybody then suspected. —Agence France-Press.



Ayatollah Khomeini and (right) an effigy of President Carter goes up in flames in Tehran.

## Saga of international failure and an abortive rescue mission

The following is a chronology supplied by the Associated Press of the United States hostage crisis in Iran:

Nov 4-10, 1979: Iranian militants seize the United States Embassy in Tehran and hold its staff hostage, demanding that the United States should return the deposed Shah Muhammad Reza-Pahlavi, who is in a New York hospital. The United States refuses. The United Nations Security Council calls on the militants to free the hostages "without delay".

President Carter orders the Justice Department to deport Iranians who do not comply with their student visa requirements.

Nov 11-17: As anti-American fervour builds up in Iran, Mr Carter orders a halt to oil imports from Iran and the freezing of Iranian assets in the United States. The Embassy militants release one Italian hostage.

Nov 18-24: The militants release 13 Americans—five women and eight black men—and five non-Americans, leaving about 50 Americans held. The Pentagon orders the aircraft carrier Kitty Hawk and five other warships to proceed to the Indian Ocean.

Nov 25-Dec 1: The United States asks the International Court of Justice at The Hague, for an emergency ruling against the seizure of the hostages in Iran.

Dec 2-8: The Shah leaves New York for a military hospital near San Antonio, Texas. Iranians vote for a new Islamic constitution giving Ayatollah Khomeini supreme power for

life. The United Nations Security Council votes unanimously to urge Iran to free the American hostages.

Dec 9-15: The American State Department orders the expulsion of 133 Iranian diplomats. The Shah flies to "temporary" exile in Panama. The International Court orders Iran to free the hostages.

Dec 23-29: Mr Ghorbadeh declares all the hostages will be tried if the Security Council imposes economic sanctions on Iran.

Dec 30-Jan 5, 1980: Dr Kurt Waldheim, the United Nations Secretary-General, arrives in Tehran but Ayatollah Khomeini refuses to meet him.

Jan 13-19: Ten of 15 Security Council members vote for economic sanctions against Iran, but the Soviet Union vetoes the resolution.

Jan 27-Feb 2: Mr Bani-Sadr is elected Iranian President. It is disclosed that six Americans who avoided capture at the embassy, had "slipped out" of Iran with Canadian help.

Feb 17-23: Dr Waldheim announces a five-man commission to investigate alleged crimes by the Shah and American involvement in Iran during his reign.

March 9-15: Ayatollah Khomeini has a commission meeting with the hostages. The commission leaves Iran. Voting begins for Iran's new parliament.

March 16-22: Mr Hamilton Jordan, White House adviser, flies to Panama, supposedly to resolve a dispute involving the Shah's operation. Iran is scheduled to start extradition proceedings in Panama on March 24.

March 23-29: The Shah arrives in Egypt from Panama and his spleen is removed.

April 6-12: The United States breaks diplomatic relations with Iran, expelling its diplomats and imposing economic sanctions.

April 13-19: Mr Carter imposes more economic sanctions on Iran, bans travel there by Americans, except news correspondents, and says military action could be the next step.

April 20-26: American allies in Europe decide to reduce diplomatic staffs in Iran and promise to impose economic sanctions if no "decisive progress" is made over the hostages.

Early on April 25, the White House announces an American military force had to abort a secret mission to rescue the hostages because of the failure of three helicopters. Eight American servicemen are reported killed in a ground collision of a C-130 and a helicopter as the aircraft were preparing to leave the area. Iran says that the hostages are being moved from the United States Embassy to other parts of Tehran and to other cities.

April 27-May 3: Mr Cyrus Vance, the Secretary of State, resigns in protest over the rescue attempt and is succeeded by Senator Edmund Muskie.

On April 30, he is identified as Iranian Araba seize hostages in Iran's Embassy in London, demanding the release of 91 people they say are political prisoners in Iran.

May 4-10: On May 5, a British commando storm the Iranian Embassy in London, freeing 19 hostages after the gunmen killed two of their captives.

May 18-24: The International Court orders Iran to release the Americans and to pay the United States compensation.

May 25-31: Three European socialist leaders, Chancellor Bruno Kreisky of Austria, former Prime Minister Olof Palme of Sweden and Socialist Party leader Felipe Gonzalez of Spain, meet Mr Bani-Sadr in Tehran. The new Iranian Parliament is convened on May 28. Border clashes with Iraq are reported.

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July 13-19: An attempt is

made in Paris to assassinate Dr Shapour Bakhtiari, the last Iranian Prime Minister, who was the Shah and leader of an anti-Khomeini exile movement.

July 27-Aug 2: The Shah dies in a Cairo military hospital and is buried two days later after a state funeral.

Aug 3-9: A hostage trial threat in Iran prompts US immigration officials to order the release of 191 Iranians detained in America.

Aug 10-16: Muhammad Ali Rajai is confirmed by the Majlis as Iran's Prime Minister.

Sept 7-13: Ayatollah Khomeini lists four conditions for the hostages' release, omitting a demand for an American apology for alleged past crimes. Ayatollah Khomeini's conditions: return of the late Shah's wealth, cancellation of American claims against Iran, unfreezing of Iranian funds in the United States, and American guarantees of no interference in Iran. Britain closes its embassy in Tehran as a protection against retaliation for what Iran says is ill treatment of Iranians in Britain.

Sept 14-20: Iraq abrogates a 1975 border agreement with Iran and fighting breaks out.

Sept 20-Oct 4: A seven-member parliamentary commission is named in Iran to consider the hostage issue.

Oct 12-18: Mr Rajai flies to the United Nations and accuses the United States of helping Iraq in the conflict, partly to bring about the release of the hostages. However, he believes,

the United States has merited "in practice" Iran's demand for an apology for supporting the Shah.

Oct 19-25: Pre-election speculation on an imminent release of the hostages mounts in the United States.

Oct 26-Nov 1: The Majlis begins debate on the hostage issue, but adjourns without decision.

Nov 2-8: The Majlis votes to free the hostages if the United States meets conditions set by Ayatollah Khomeini and the parliamentary committee. Iranian demonstrators outside the American Embassy in Tehran on November 4, the anniversary date of the seizure of the hostages and the day Mr Ronald Reagan is elected President.

Nov 9-15: The State Department dispatches a team to Algeria to present the Carter Administration's formal response to Iran's conditions.

Nov 16-22: Mr Muskie says the United States has accepted Iran's four conditions "in principle", but Mr Hashemi Rafsanjani, Speaker of the Majlis, says that that is not enough.

Dec 14-20: Mr Rajai says the hostages could be home by Christmas if the United States gives a "guarantee" on Iran's financial demands.

Dec 21-27: On their second Christmas in captivity, the hostages are allowed to broadcast messages to their loved ones. Iran demands the United States deposit with Algeria the equivalent of \$24,000m in cash and gold—its estimate of the

Shah's wealth and frozen Iranian assets.

Dec 28-Jan 3 1981: After meetings in Washington and Tehran with Algerian mediators the chief Iranian negotiator, Mr Behzad Nabavi, says Iran will listen to American counter-proposals if Algeria approves.

Jan 4-10: Three American diplomats held in Iran's Foreign Ministry since the seizure of the American Embassy are moved to a secret location. Mr Warren Christopher, Deputy Secretary of State, flies to Algeria.

Jan 11-17: Financial negotiations intensify. Iran agrees to delay discussion of return of the former Shah's wealth. Talks about frozen Iranian state wealth abroad totalling more than \$12,000m.

On Jan 14 Iran's Parliament approves an urgent Bill authorizing Algerian mediation, while Tehran radio reports that Washington has agreed to deposit 70 per cent of the frozen assets in Algerian banks.

On Jan 15, Iran sends Washington its "final terms" said to involve release of \$6,600m in Iranian assets frozen within the United States.

Jan 18-24: In Algiers on Jan 19, Mr Warren Christopher, United States Deputy Secretary of State, signs an agreement in which the United States agrees to transfer all Iranian assets within United States jurisdiction, terminate all United States court proceedings against Iran, to refrain from intervening in Iranian affairs,



## IRAN HOSTAGES

### Financial deal leaves Tehran free to make future borrowing

From Frank Vogl

Washington, Jan 19. A most complicated set of financial arrangements involving the Bank of England were hammered-out in the past 72 hours to secure the release of the American hostages.

The final financial terms agreed upon are more advantageous to international bankers than bankers had expected. In New York, bankers said today that it appeared the Iranian Central Bank wanted to make sure that, after these tense events, Iran would still be able to borrow money from foreign banks.

An issue was more than \$8 billion of official Iranian assets that had been frozen by President Carter in mid-November, 1979, when the United States Government discovered that Iran was about to withdraw all its holdings of dollars in American institutions. The freezing of the Iranian assets came two weeks after the American diplomats were taken hostage.

American officials were refusing to divulge details of the financial deals until the hostages were set free. According to Banking sources and some unconfirmed reports the arrangements have a number of separate elements.

A total of 1,632 million ounces of gold owned by Iran and held at the Federal Reserve Bank of New York has been credited to an official United States account at the Bank of England. The deal envisaged that the British central bank would then place the bullion in an official Iranian account.

Further, a total of about \$1,350m of Iranian holdings of

official United States securities was to be liquidated with the cash passing from the New York Federal Reserve Bank to the Bank of England and on to the Central Bank of Algeria, which would then pass it along to the Bank Mercadi, the central bank of Iran.

Approximately \$5 billion of Iran funds were on deposit with five large American banks at the time that the freeze was implemented and approximately another \$1 billion was held by a number of other United States financial institutions.

Much of this cash was held on deposit at American bank branches in London with the London totals for the biggest institutions being: \$1,796m at the Bank of America; \$416m at Manufacturers Hanover Trust Company; \$332m at Bankers Trust; \$396m at Citibank; and \$321m at the Chase Manhattan Bank.

Many banks had claims on Iran for loans taken by Iran and not repaid. Under the complicated deals that were struck in the past few days a total of \$3,500m of the bank deposits were to be used to pay-off outstanding Iranian loans to international banking syndicates. The Bank of England was to play a key role in arranging this.

A further sum of \$1,500m was to be placed in an escrow account managed by the Bank of England from which claims on Iran by banks and foreign companies could be made. American bankers had not expected the Iranians to be so willing to use so much of the frozen assets for immediate repayment of debts to international banks.

### Iran is likely to diversify released dollar assets

By Frances Williams

Events surrounding the release of the United States hostages overshadowed the foreign exchange markets yesterday. But uncertainty over what Iran intended to do with the assets released by the Americans as part of the hostage deal depressed the volume of trading. Currency movements were rather volatile.

Both the pound and the yen rose sharply against the dollar in morning trading.

It is thought likely that these would be attractive currencies for the Iranians to move into should they seek to diversify out of dollars. But the currencies drifted downwards during the course of the afternoon. Many analysts take the view

that Iran, at least in the short term, will hold on to its dollars. Dollar interest rates are attractive; and large sales of the United States currency would drive the exchange rate down and could therefore prove self-defeating.

After touching around \$2,4190, the pound fell to close the day at \$2,4070, up 140 cents from Friday's close. Its effective exchange rate index, as measured against a basket of currencies, reached 80.2 at midday, equal to November's peak level, but eased to end the day at 80.1, up 0.1 from Friday.

The movement of sterling reflected that of the dollar, which was weaker for most of the day but staged a recovery towards the end of trading.

## Document that opened prospect of freedom for American diplomats

Algiers, Jan 19.—This is the English text of the agreement signed today in Algeria by Mr Warren Christopher, United States Deputy Secretary of State, for the release of the American hostages.

**Declaration**  
The Government of the Democratic and Popular Republic of Algeria, having been requested by the Governments of the Islamic Republic of Iran and the United States of America to serve as an intermediary in seeking a mutually acceptable resolution of the crisis in their relations arising out of the detention of the 52 United States nationals in Iran, has consulted extensively with the two Governments as to the commitments which each is willing to make in order to resolve the crisis within the framework of the points stated in the resolution of November 2, 1980, of the Islamic Consultative Assembly of Iran.

On the basis of formal adherences received from Iran and the United States, the Government of Algeria now declares that the following interdependent commitments have been made by the two Governments:

**General principles**  
The undertakings reflected in this declaration are based on the following general principles:

A. Within the framework of and pursuant to the provisions of the two declarations of the Government of the Democratic and Popular Republic of Algeria, the United States will restore the financial position of Iran, in so far as possible, to that which existed prior to November 14, 1979. In this context, the United States commits itself to ensure the mobility and free transfer of all Iranian assets within its jurisdiction as set forth in paragraphs four to nine.

B. It is the purpose of both parties, within the framework of and pursuant to the provisions of the two declarations of the Government of the Democratic and Popular Republic of Algeria, to terminate all litigation as between the government of each party and the nationals of the other, and to bring about the settlement and termination of all such claims through binding arbitration.

Through the procedures provided in the declaration relating to the claims settlement agreement, the United States agrees to terminate all legal proceedings in United States courts involving claims of United States persons and institutions against Iran and its state enterprises, to nullify all attachments and judgments obtained thereon, to prohibit all further litigation based on such claims, and to bring about the termination of such claims through binding arbitration.

**Non-intervention in Iranian affairs**  
1. The United States pledges that it is and from now on will be the policy of the United States not to intervene, directly or indirectly, politically or militarily, in Iran's internal affairs.

Return of Iranian assets and settlement of United States claims  
2. Iran and the United States (hereinafter the parties) will immediately select a mutually agreeable central bank (hereinafter the central bank) to act, under the instructions of the Government of Algeria and the Central Bank of Algeria (hereinafter the Algerian central bank) as depository of the escrow and security funds hereinafter pres-



Mr Christopher signs the agreement, watched by Mr Muhammad Benyahia.

cribed and will promptly enter into depository arrangements with the central bank in accordance with the terms of this declaration. All funds placed in escrow with the central bank pursuant to this declaration shall be held in an account in the name of the Algerian Central Bank. Certain undertakings of the Government of the Democratic and Popular Republic of Algeria concerning the settlement of claims by the Government of the United States and the Government of the Islamic Republic of Iran (hereinafter the claims settlement agreement) are separately set forth in certain undertakings of the Government of the United States and the Government of the Islamic Republic of Iran with respect to the declaration of the Democratic and Popular Republic of Algeria.

3. The depository arrangements shall provide that, in the event the Government of Algeria certifies to the Algerian Central Bank that the 52 United States nationals have safely departed from Iran, the Algerian Central Bank will thereupon instruct the central bank to transfer immediately all monies or other assets in escrow with the central bank pursuant to this declaration, provided that at any time prior to the making of such certification by the Government of Algeria, each of the two parties, Iran and the United States, shall have the right of 72 hours notice to terminate its commitments under this declaration. If such notice is given by the United States and the foregoing certification is made by the Government of Algeria within 72 hours of notice, the Algerian Central Bank will thereupon instruct the central bank to transfer such monies and assets. If the 72 hour period of notice by the United States expires without

such a certification having been made, or if the notice of termination is delivered by Iran, the Algerian Central Bank will thereupon instruct the central bank to return all such monies and assets to the United States, and thereafter the commitments reflected in this declaration shall be of no further force and effect.

**Assets in the Federal Reserve Bank**  
4. Commencing upon completion of the requisite escrow arrangements with the central bank, the United States will bring about the transfer to the central bank of all gold bullion which is owned by Iran and which is in the custody of the Federal Reserve Bank of New York, together with all other Iranian assets (or the cash equivalent thereof) in the custody of the Federal Reserve Bank of New York, to be held by the central bank in escrow until such time as their transfer or return is required by paragraph 3 above.

**Assets in foreign branches of US banks**  
5. Commencing upon the completion of the requisite escrow arrangements with the central bank, the United States will bring about the transfer to the central bank, to the account of the States banks, together with interest thereon through December 31, 1980, to be held by the central bank, to the account of the Algerian Central Bank, in escrow until such time as their transfer or return is required in accordance with paragraph 3 of this declaration.

**Assets in US branches of US banks**  
6. Commencing with adherence by Iran and the United States to this declaration and the claims settlement agreement attached hereto,

and following the conclusion of arrangements with the central bank for the establishment of the interest-bearing security account specified in that agreement and paragraph 7 below, which arrangements will be concluded within 30 days from the date of this declaration, the United States will act to bring about the transfer to the central bank within six months from such date of all Iranian deposits and securities in United States banking institutions in the United States together with interest thereon, to be held by the central bank in escrow until such time as their transfer or return is required by paragraph 3.

7. As funds received by the central bank pursuant to paragraph 6 above, the Algerian Central Bank shall direct the central bank to (1) transfer one half of each such receipt to Iran and (2) place the other half in a special interest-bearing security account in the central bank, until the balance in the security account has reached the level of 1 billion dollars. After the 1 billion dollars balance has been achieved, the Algerian Central Bank shall direct all funds received pursuant to paragraph 6 to be transferred to Iran. All funds in the security account are to be used for the sole purpose of securing the payment of, and paying, claims against Iran in accordance with the claims settlement agreement. Whenever the central bank shall thereafter notify Iran that the balance in the security account has fallen below 500 million dollars, Iran shall promptly make new deposits sufficient to maintain a minimum balance of 500 million dollars in the account. The account shall be so maintained until the president of the arbitral tribunal established pursuant to the claims settlement agreement has certified to the Central Bank of Algeria that all

arbitral awards against Iran have been satisfied in accordance with the claims settlement agreement, at which point any amount remaining in the security account shall be transferred to Iran.

**Other assets in the United States and abroad**  
8. Commencing with the adherence by Iran and the United States to this declaration and the attached claims settlement agreement, and the conclusion of arrangements for the establishment of the security account, which arrangements will be concluded within 30 days from the date of this declaration, the United States will act to bring about the transfer to the central bank of all Iranian financial assets (including funds or securities) which are located in the United States and abroad, apart from those assets referred to in paragraphs 5 and 6 above, to be held by the central bank in escrow until their transfer or return is required by paragraph 3 above.

9. Commencing with the adherence by Iran and the United States to this declaration and the attached claims settlement agreement, and the making by the Government of Algeria of the certification described in paragraph 3 above, the United States will arrange, subject to the provisions of United States law applicable prior to November 14, 1979, for the transfer of all Iranian properties which are located in the United States and abroad and which are not within the scope of the preceding paragraphs.

**Notification of sanctions and claims**  
10. Upon the making by the Government of Algeria of the certification described in paragraph 3 above, the United States will promptly withdraw all claims now pending against Iran before the International Court of Justice and will thereafter bar and preclude the prosecution against Iran of any pending or future claims of the United States or United States nationals arising out of events occurring before the date of this declaration related to (A) the seizure of the 52 United States nationals on November 4, 1979 (B) their subsequent detention in the United States or United States nationals within the United States embassy compound in Tehran after November 3, 1979, and (C) injury to the United States property or property of United States nationals or their property as a result of popular movements in the course of the Islamic Revolution in Iran which were not an act of the Government of Iran. The United States will also bar and preclude the prosecution against Iran of any pending or future claims asserted by persons other than the United States nationals arising out of the events specified in the preceding paragraph.

**Return of the assets of the family of the former Shah**  
11. Upon the making by the Government of Algeria of the certification described in paragraph 3 above, the United States will freeze, and prohibit any transfer of property and assets in the United States within the control of the estate of the former Shah

or any close relative of the former Shah served as a defendant in United States litigation brought by Iran to recover such property and assets as belonging to Iran. As to any such defendants, the freeze order will remain in effect until such litigation is finally terminated. Violation of the freeze order shall be subject to the civil and criminal penalties prescribed by United States law.

12. Upon the making by the Government of Algeria of the certification described in paragraph 3 above, the United States will order all persons within United States jurisdiction to report to the United States Treasury, within 30 days, for transmission to Iran, all information known to them, as of November 3, 1979 and as of the date of the order with respect to the property and assets referred to in paragraph 12. Violation of the requirement will be subject to civil and criminal penalties prescribed by United States law.

13. Upon the making by the Government of Algeria of the certification described in paragraph 3 above, the United States will make known to all appropriate United States courts that in any litigation of the kind described in paragraph 12 above the claims of Iran should not be considered legally barred either by sovereign immunity principles or by the act of state doctrine and that Iranian decrees and judgments relating to such assets should be enforced by such courts in accordance with United States law.

14. As to any judgment of a United States court which calls for transfer of any property or assets to Iran, the United States hereby guarantees the enforcement of the final judgment to the extent that the property or assets exist with the United States.

15. If any dispute arises between the parties as to whether the United States has fulfilled any obligation imposed upon it by paragraphs 12-15, inclusive, Iran may submit the dispute to binding arbitration by the tribunal established by, and in accordance with the provision of, the claims settlement agreement. If the tribunal determines that Iran has suffered a loss as a result of the failure by the United States to fulfil such obligation, it shall make an appropriate award in favour of Iran which may be enforced by Iran in the courts of any nation in accordance with its laws.

**Settlement of disputes**  
16. If any other dispute arises between the parties as to the interpretation or performance of any provision of this declaration, either party may submit the dispute to binding arbitration by the tribunal established by, and in accordance with the provision of, the claims settlement agreement. Any decision of the tribunal with respect to such dispute, including any award of damages to compensate for a loss resulting from a breach of this declaration of the claims settlement agreement, may be enforced by the prevailing party in the courts of any nation in accordance with its laws. Initiated on January 19, 1981.

By Warren M. Christopher  
Deputy Secretary of State  
of the Government of the United States  
By virtue of the powers vested in him by his Government as deposited with the Government of Algeria.



بنك العربى الدولى

# ARAB INTERNATIONAL BANK CAIRO, EGYPT

## INVITATION FOR PREQUALIFICATION FOR GENERAL CONTRACTORS

Since The Arab International Bank is now intending to start the construction of The Arab International Bank Centre, Cairo, Arab Republic of Egypt, general contractors are invited to submit a prequalification document. Even if previous prequalification documents have been submitted, contractors must resubmit in order to be qualified for consideration as bidders.

Contract documents were prepared by SOM (Skidmore Owings & Merrill) Architects and Engineers, 30 West Monroe Street, Chicago, Illinois, U.S.A. Contract documents have been completed. The A.I.B. Centre is an Egyptian Public Law 43 project, created by The Arab International Bank. The project is located on the Nile bank near the centre of Cairo and consists of one 750-room hotel, one 20-storey office building and two 32-storey apartment buildings; all interconnected by a 5-storey mixed use building. The gross area is approximately 245,000 square metres of reinforced concrete construction.

Contractors who qualify will be expected to submit a firm price tender for the construction of the project, and submit a percentage fee for the acceptance of assignment by the owner of subcontractors for the entire project, which may be executed in two phases. Pile foundation has been completed for the entire project.

Prospective general contractors prequalification documents must contain the following:—

1. Certified legal incorporation and statutes.
2. Certified year-end financial statement and a current applicable balance sheet.
3. A synopsis of personnel of the association, including curricula vitae of the top officers.
4. Names, titles, experience in construction in general and experience in the Middle East of senior staff who will be assigned to the project.

5. Number and titles of senior staff people who will be obtained from other sources and the sources thereof.
6. Company experience in the Middle East, including especially the number of successfully completed projects and year completed.
7. Number of high-rise buildings completed worldwide, together with a brief description of at least four major buildings.
8. Number and description of projects of comparable size successfully completed and year completed.
9. Amount of work, in U.S. Dollars, currently under contract.
10. Amount of work which is currently under contract and expected to be completed by November 1, 1981.
11. List of clients for whom previous projects of similar size have been successfully completed with the name, title, address and telexes of representative who can be contacted as reference.
12. History of bonding relations on similar sized projects for the past 5-7 years.

Prequalification documents must be sent to both:

The Arab International Bank,  
C/o Dr. M. Mostafa El Said, 50 El Gomhoria Street, Cairo, Egypt.  
Phone: 935744. Telex: 9-2079 AIB

and copy to:  
Gerald D. Hines Interests,  
2100 Post Oak Tower, Houston, Texas 77056, U.S.A.  
Attention: Mr. R. B. Myers.

Phone: 713-621-8000. Telex: 910 881-5468 G. D. HINES HOU  
no later than January 26th, 1981



## IRAN HOSTAGES

# Agreement for return of nationals may cost US \$10,000m and rules out all litigation against Iran

From Ian Murray  
Algiers, Jan 19

The United States agreed to buy back the hostages under the terms of a complex and soulless declaration signed here early this morning after a feverish round of negotiations. Copies were first forwarded to President Carter for approval by the Algerian Embassy in Washington.

The total cost of meeting the terms is expected to be as high as \$10,000m (£4,125m) by the time all the lengthy procedures are exhausted.

On the credit side, President Carter will be able to leave the White House knowing that it was he who eventually negotiated an end to the hostage crisis, which had turned the last 443 days of his term into a nightmare.

The terms cover the four conditions put forward by Ayatollah Khomeini on September 12 as prerequisites for a deal. They include a pledge of non-interference in Iranian affairs; the freeing of all frozen Iranian assets; dropping legal and financial claims against Iran; and return of the late Shah's wealth.

Reaching agreement on the first point was simple. The declaration takes only four lines of the text: "The United States pledges that it, and from now on will be the policy of the United States not to intervene, directly or indirectly, politically or militarily, in Iran's internal affairs."

The rest of the 12 foolscap pages deal with the more complex money matters. They contain only the briefest reference to the hostages, and the declaration reads for the most part like a complicated financial transaction between two suspicious trading partners rather than a document on which so many human lives and so much national pride depend.

The hostages are referred to as "little more than objects on the commodity market. Under the terms of the declaration they even lose their right to sue Iran for damages."

Basically, the agreement is that the United States will restore the financial position of Iran, in so far as possible to that which existed prior to

November 4, 1979. In this context the United States commits itself to ensure the mobility and free transfer of all Iranian assets within its jurisdiction.

As to legal proceedings: "It is the purpose of both parties to terminate all litigation between the government of each party and the nationals of the other and to bring about a settlement of all such claims through binding arbitration."

Equally, "the United States agrees to terminate all legal proceedings in American courts involving claims of United States citizens and nationals against Iran and its state enterprises."

Crucial to the entire arrangement is what is referred to as the "central bank," which is the Bank of England. Its role in the deal is to act as the depository for all the money. The Bank is to open a special account for the Algerian Central Bank, into which will be paid all the funds deposited in escrow with the Bank of England.

The depository arrangement shall provide that, in the event that the Algerian Government certifies to the Algerian Central Bank that the 52 United States nationals have safely departed from Iran, the Algerian Central Bank will thereupon instruct the central bank to transfer immediately all monies or other assets, if either Iran or the United States wants to end the agreement they will have to do so before the hostages leave Iran. In those circumstances all money would be returned to the United States.

The declaration details the manner in which the different assets of Iran are to be freed. Those in the Federal Reserve Bank, which include gold, and amount to about \$2,500m are to be sent straight to the central bank. Those held in foreign branches of American banks—mainly London and Paris—worth about \$4,000m are to be paid over, complete, with all interest earned until the end of last year.

Assets in local branches of American banks, another \$2,500m, will have to be paid into an interest-bearing account set up by the central bank. The

Algerians will transfer half of this money to Iran and hold the rest. This money is to be used for settling claims for which Iran may be held responsible by an arbitration tribunal.

Similarly, all other financial assets are to be paid into the special account at the central bank, while all Iranian properties are to be transferred to Iran. This clause could cover military equipment paid for, but not yet delivered to Iran.

On release of the hostages all trade sanctions against Iran are to be lifted and the United States Government will withdraw all claims against Iran at present before the International Court of Justice.

The American Government "will thereafter bar and preclude the prosecution against Iran of any pending or future claim" arising from the capture of the hostages, their detention, or any injury caused to them or their property.

According to the declaration their capture was "a result of popular movements in the course of the Islamic revolution, which were not an act of the Government of Iran."

As to returning the Shah's assets, everyone "within United States jurisdiction" who knows details about the Shah's property and that of his close family has to report to the American Treasury within 30 days. This information is to be sent to Iran and anyone failing to provide it will be subject to civil and criminal penalties under American law.

The declaration says that the United States Government will enforce any court orders on the return of the Shah's property and in the case of dispute there would be an arbitration process.

The system of arbitration, which is also to be used to settle existing claims against Iran, is the subject of the second declaration signed this morning. It sets up a nine-man body, with three American and three Iranian members, who jointly agree the three other members, including the president. This tribunal would probably sit at The Hague and is to be financed jointly by the two countries, and be working within four months.

## History, the who, when and the wear

Old clothes have an extraordinary emotional appeal when you know the body that once filled out their empty folds.

Anna Pavlova's feet dance on for ever in her tiny, stained ballet shoes. Queen Victoria's ivory satin wedding dress with its handspan waist swells into the great billowing black bombazine dresses that she wore in her mourning years.

When I arrived at the costume department of the Museum of London, Kay Staniland, their dedicated Curator of Costumes and Textiles, was supervising the delicate restoration of a cream silk coat edged in flame silk and embroidered with jewels for the exhibition (January 27-March 22, closed Mondays) to celebrate the centenary of Pavlova's birth.

She was also taking in the costume department's latest acquisition—their first Punk outfit: a pair of leopardskin leotards, Dr Marten's boots, a hairy pink mohair sweater, all topped off with an old-soldier's coat.

What to heard and what to throw away in fashion is a problem for all of us. For Kay Staniland the problem is much the same as ours, but on a grand scale. Behind the scenes at the Museum of London are racks of clothes, boxes of accessories, shelves of shoes, drawers of scanties, of fans, of umbrellas, of hankies. Behind cambric shrouds in a thermostatically controlled temperature are preserved fragments of social history and frozen images of historical events.

Here is Edmund Keane's coat in which he swash-buckled round the stage as Richard III. There is Margaret Thatcher's ice blue frock, a stiff relic of her early ministerial days. Here is Nijinsky's threadbare black coat, trimmed with a collar of wilting fur.

Did Princess Margaret really cause a stir by ordering from Dior that odd straw-embroidered organza dress for her 21st birthday ball? And was Queen Mary in 1935 really still wearing a column of lace redolent of an Edwardian afternoon?

Kay Staniland sees a great deal of history written in the clothes she and her tiny department collect, date, analyse and preserve. They launder the fabrics as carefully as a new born baby, with the purest of soaps, and Kay shudders for the fate of modern clothes steeped in biological detergents that will probably have eaten away the garments by the time future historians want to study them.

Although I was instinctively drawn towards the great occasion clothes and costumes, she is particularly interested in ordinary clothing as a record of London's social history. One of her proudest acquisitions is a traffic warden's outfit, for she is anxious not to miss the opportunity of charting working class dress and street wear.

Just now, the only people who get a chance to look at this splendid collection of London's fashion history are students and specialists, who make appointments in writing. If any of the Royal Family (who have no post-war clothes in this collection) offered the Museum their wardrobe, there would be a panic to find the space to store the garments and a touchy moment explaining to the donor why nothing can be put on show.

Because only a few crumbs of the collection can ever be displayed, alongside the gilded coach and licking flames of the Great Fire, the Museum of London is hoping to set up a branch museum devoted to costume and textiles. They have the clothes and the expertise. What they need is money.

They also need Friends, which is the name given to the organization now trying to drum up the interest, enthusiasm and capital needed for the new branch museum. Founder members of the Friends of the Costume Department include such prestigious fashion names as couturier Hardy Amies and



Left: Marisa Martin.

Above: Romantic lace and ribbon top and skirt, for summer evenings or weddings, approximately £255

from Marisa Martin's new shop at 107-114 Parkway, London NW1.

Victorian pearl jewelry from a selection

at Knowles-Brown, 27 Hampstead High Street, London NW3.

Hair by Lundy at Toni and Guy.

Makeup by Arianne at Models One. Flower circlet made up by

David Shilling, 36 Marylebone High Street, London.

Photograph by Jeany

Marisa Martin makes the prettiest clothes. Her painter's eye for colour, her extraordinary collection of antique lace and her particular skill at interweaving shape, colour and texture make her clothes uniquely appealing.

Marisa's private passion is scuba diving, and her new shop looks like the home of a tropical fish swimming through the murky waters of Camden Town.

Against the lagoon blue wave fronds of lace, maybe just decorating the hem of a simple cotton dress, or clinging like barnacles to embroidery and beading.

Spanish-born Marisa has been collecting lace for the past 15 years. She scours the attics of factories in Switzerland for forgotten bags of old trimmings, and at the same time badgers the Swiss fabric makers into dyeing materials to her own specifications of colour or effect. Feathers finely embroidered as though they float across the fabric, or crunchy beading with the texture of animal fur.

Her clothes have the originality and exquisite detailing once associated only with haute couture. Part of the new shop is devoted to a collection of sample outfits that will be made to order as couture. This should be particularly successful, thinks Marisa, with wedding dresses, when it is far more helpful for the bride to make a selection from actual dresses rather than sketches.

The most luxurious evening gowns would cost around £650, but favourite purchases are Marisa Martin's romantic silk and satin blouses overlaid with lace like Restoration costumes (from £115).

For the summer there is a cheaper cotton collection and a group of jersey dresses which sell particularly well in America, as well as simple outfits in shot silk or shaded shantung.

Marisa Martin has had no formal fashion training, but originally studied painting, and her sense of colour comes over in all her clothes. This season her feeling is for burnt orange, aquamarine, olive green and desert sand, but some of the most beautiful dresses are in ivory or snowy white lace.

Is there still a place in our sporty age for romance? "My clothes are getting more casual. But there must be an element of glamour, and there is still a need for special occasion dresses," says Marisa, one of whose most beautiful lace dresses was selected by the Duchess of Kent.

"People who don't dress up still seem to want beautiful tops—even if they wear them with jeans."

## Carrington move to free Britons

By David Spanier

Diplomatic Correspondent

Britain will take immediate action to lift economic sanctions against Iran, imposed by all EEC countries as a specific protest against the detention of the American hostages, when they are finally released. But normal diplomatic relations between the two countries will not be resumed while the four Britons held without charges continue to be detained.

Lord Carrington, the Foreign Secretary, flies to Brussels today for a Council of Ministers meeting at which the foreign ministers of the ten will discuss the move in their relations with Iran. Although he is expected to seek their support in pressing for the release of the detained Britons—Dr and Mrs John Coleman, Miss Jean Waddell and Mr Andrew Pyke—sanctions are a completely separate matter.

British policy, for the moment at least, will be to "wait and see", in the hope that the release of the American hostages will help to improve the atmosphere in Tehran and so ease the way through their situation is quite different—for the early release of the Britons.

There is no dispensation in Whitehall to make new demands or strike attitudes which might make it all the harder to persuade the Iranians to set the Britons free. The recent visit of the Archbishop of Canterbury's special envoy, conducted as a pastoral visit to the three missionaries, independently of the Foreign Office, suggested that the Iranian authorities now recognized that the allegations made against them were all false.

A report that the Iranian Government was seeking a barter deal for the release of the four, against Iranian students held in Britain, was treated circumspectly yesterday. The British Government was officially informed by a high-level Iranian delegation to London last November that the four were not regarded as hostages.

Meanwhile the one British official remaining in Iran is continuing to seek consular access to them, through the British interests section of the Swedish Embassy. The British Embassy staff were withdrawn last September but diplomatic relations as such were not broken.

## Carter thanks for superb Algerian job

Washington, Jan 19—This is the full text of President Carter's announcement, early today on the signing of an agreement with Iran to end the hostage crisis: "I know you've been up all night with me and I appreciate it very much. We have now reached an agreement with Iran which will result, I believe, in the freedom of our American hostages. The last documents have now been signed in Algiers following the signing of the documents in Iran which will result in this agreement. We still have a few documents to sign before the money is actually transferred and the hostages are released. The essence of the

## Media mount million-dollar operation at air base

From Patricia Clough  
Wiesbaden, Jan 19

One of the biggest media operations was awaiting the arrival of the 52 American hostages for a period of psychological warfare between captivity and their homecoming.

Staff of the United States Air Force hospital at Lindsey air base in Wiesbaden were preparing rooms for the hostages on the third floor of the barracks-like but excellently equipped building.

There they will be examined, cared for and counselled by a team of American psychologists and doctors before being reunited with their families and returning to society.

Telephones are being laid on for them to talk to their relatives but they are expected to stay in the hospital for several days. "Welcome back to freedom" was daubed in large bold letters on a hangar at the bleak Rhein-Main military airport near Frankfurt where the hostages are due to arrive. Ribbons were tied around the entrance to the hospital about half an hour's drive away.

Nearly a thousand journalists, cameramen and technicians are estimated to have converged on Frankfurt and Wiesbaden as the

longest and most expensive "doorstepping" operation in media history neared its climax. American television networks have kept crews and equipment here for several months and now the end was in sight the press, as one television journalist said, was "money no object".

Helicopters had been hired to follow the bus taking the hostages from the airport to the hospital, with floodlights if it happened at night. Once reticent on the subject, network staff were speaking openly of the cost of the operation, roughly a million dollars to date.

Ironically the chance of the media having any contact with the hostages is remote. Unless they specially wish it they will be advised not to speak to the press until they have got their bearings again. Government psychiatrists have issued warnings that long periods of captivity can cause serious difficulties. Victims of similar experiences often suffer from irritability and physical disorders, their relationships with their families may prove difficult, existing psychological difficulties may be magnified and new fears and tensions created.

## Russians stick to theory of imminent invasion

From Michael Binyon  
Moscow, Jan 19

The Russians today angrily denied that they tried to complicate American negotiations with Iran on the release of the hostages by publishing reports of an imminent American invasion of Iran.

A Tass statement rejected the sharp criticism these reports brought forth over the weekend from Mr Edmund Muskie, the American Secretary of State, calling it a "deliberate attempt to confuse public opinion in the United States and elsewhere" and a "slandorous hullabaloo". The agency defended its unsourced reports as representing the true state of affairs. "The entire world press, including that in the United States, it said, had spoken of the concentration of a powerful American force near Iran. This had not been denied in Washington. Tass said it had no clandestine motives in publishing the reports.

Meanwhile, the Russians have only briefly reported the

announced agreement on the hostages release. In a significantly brief dispatch from Washington today, Tass reported President Carter's announcement that agreement had been reached with Iran on the release of the hostages. But newspapers this morning carried no word of the negotiations in Algiers or of the hostages' impending release.

A Pravda commentator, discussing America's role in the Iran-Iraq conflict, said it was no secret that after the start of the war Washington turned the hostages into an object of "dishonest trade", which was typical of imperialism's policy of "carrot and stick".

In the course of its bargaining, the Communist Party newspaper added, Washington had at times used "alluring promises" at others "crude threats". The accusations were made by the commentator who said the weekend maintained that the Americans were about to launch an armed intervention

tween ourselves and the officials of Iran. We don't yet know exactly how fast this procedure will go. We are prepared to move as rapidly as possible, as the preparations as possible, as the preparations have been completed pending the final documents being signed. I will have more to say to you about our American hostages as they are actually free. In the meantime (White House press secretary) Jody Powell will stay in close touch with developments, working with the Secretary of State, Secretary of Treasury (and) my legal counsel Lloyd Cutler. I am talking frequently to Deputy Secretary of State, Warren Christopher in Algiers, and Jody Powell will keep you informed about developments. —Reuter.



Above left: Anna Pavlova in a pearl-encrusted head-dress and cream silk coat, edged in flame and decorated with jewels worn in The Russian Dance in 1910.

Above right: Pavlova in a sugar pink silk coat trimmed with swansdown over a beffulled white net dress from Christmas in the 1920s

To be seen at the Tribute to Anna Pavlova at the Museum of London from next Tuesday.

royal milliner, Freddie Fox, as well as fashion enthusiasts like artist Elizabeth Suter and Lady Harlech.

Individual members can join for £5 a year. Further information can be obtained from the Costume Department, Museum of London, London Wall EC2Y 5HN.

As an inveterate boarder, who lays down in my attic every garment I have ever owned, I feel a vested interest in preserving fashion for posterity. I am only sorry that I cannot make over the best of my clothes (and encourage you to do the same) to the Museum now.

But Kay Staniland does not want my 1960s miniskirts, my white Courrèges boots, my early hippie caftans and Mexican embroidered skirt. She does not even want your 1920s chinoiserie jacket or 1940s ATS suit.

At least, not until she has found some more space.

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01-255 5876











## SPORT

## Tennis

## If Borg had his way he would not have won

New York, Jan 19.—Bjorn Borg last night became only the second player to retain the Grand Prix Masters title, a feat which did not prevent him from winning the event's format. The Swedish teenager Ivan Lendl, of Czechoslovakia, 6-4, 6-2, 6-2 to capture \$100,000 of the \$400,000 prize money and the "King of the Court" title of keeping the title after winning it in 1977. The Romanian also won it in 1973 and 1975.

Lendl was an impressive winner over Borg when they last met in the 1980 Swiss indoor championship; but last night he was outplayed by the Swede, who produced a brilliant performance in the final. Borg, who had been the favourite, was largely responsible for his defeat. "He was returning everything," he said.

After his convincing win it was somewhat surprising that Borg should criticize the format of the Masters, particularly since, if his main objection had been met, he would not have reached the final. He said it was wrong that a player could lose in the eight-man round robin stage of the competition and yet qualify for the final. "I think it should be an elimination tournament," he added.

Had this been the case last week, Borg would have lost his straight sets to Gene Mayer, an American, in his final group



Heads it's Borg. His is in the clouds while Lendl's hangs.

match. That win put Mayer through to a semi-final meeting with Lendl, runner-up in the second group. Borg faced up to his old American rival, Jimmy Connors. Connors also had a mean which allowed him to win the final. "I was not playing badly but still lost," Lendl said. The Swede's refusal to commit himself to a final was largely responsible for his defeat. "He was returning everything," he said.

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## Rugby League

## Ringer declines Widnes offer

By Keith Macklin  
After spending several days thinking over a tempting offer from Widnes, Paul Ringer, who had been with the club since 1976, has decided to decline the offer. Ringer, who was a member of the club's first team, was offered a new contract by the club's management. However, he decided to leave the club and join the Welsh international rugby after a controversial career.

The Widnes club secretary, manager Barry Greenwood, said: "Ringer thought our offer was a good one, but he told us that he wanted to concentrate on his footballing career. He is also writing a book about rugby, and has apparently been advised that it would be best to leave the club if he had turned professional in the meantime."

—END—

## Racing

## Weights favour Fire Drill in rehearsal for Newbury

By Michael Phillips  
Racing Correspondent  
Badsworth, who have all been entered for the Schweppes Gold Trophy at Newbury next month, have been declared to run in the Blakedown Handicap Hurdle at Worcester today. Success this afternoon will not earn a penalty for the Newbury race.

After Badsworth Boy had finished second in the John Bar Handicap Hurdle at Ayr at the beginning of this month, his trainer, Michael Dickinson, made no secret of the fact that he was disappointed that his horse had been unable to beat Newgate. Dickinson was hoping for better things this afternoon, when he will be beaten again, this time by Fire Drill, who foiled a gamble on Beadblat at Wincanton last Thursday.

That was a good performance because there was a mass confidence behind the runner-up, who was 15 lengths ahead of the third place. Yet Fire Drill's trainer, Peter Cundell, is of the opinion that his horse would have won without a second race had he not wandered off a true line when subjected to pressure on the run. In the Fire Drill, he was wearing blinkers for the first time in the hope that they would cure him of that bad habit.

Badsworth Boy has been given 16 lbs more than Fire Drill in the Schweppes Gold Trophy because the handicapper was able to put into account Fire Drill's previous good run against News King at Newbury. However, as the weights for today's race were available, Fire Drill will be receiving 20 lbs from Badsworth Boy this afternoon.

## Fontwell Park results

1.00 (1.05) SHIRAZ CHASE  
Selling Handicap, 2500 yds, 12.15.  
Baltic Love 5, 6 by Current Cons.  
Jockey: J. J. 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Bernard Levin

# Don't just stand there

There is trouble in Lowestoft; a statue commissioned by the municipal council from an Essex Anglian sculptor, Mr William Redgrave, has been met, on its completion and erection in front of the railway station, with much criticism from ratepayers. The statue is entitled *The Call of the Sea*, and depicts a bearded sailor leaning against an anchor; this, it seems, has led to the statue being described as "a statue of a statue".

Lowestoft Council, of course, cannot win. No municipal venture into the world of the arts ever pleases those whom it was designed to appeal to. Let a local authority, no matter whether in Chelsea or Polkington-on-the-Fiddle, Liverpool or Muckspread Canopicum, commission a portrait of a much-loved alderman or a sculpture group depicting a local hero, the result, depend on it, will be uproar.

It would not even help (though it would be an extraordinary good idea) if the council were to pass a law making it a criminal offence for anyone to erect a statue by Mr Oscar Nemon in public. The truth is that local government and art do not mix, and cannot be made to. And yet I do not take the simple view that local government ought never to concern itself with trying to ensure that local artists are supported, and local citizens pleased, by engaging the former to create works of art for the pleasure of the latter. The possibility of success is not the only valid reason for endeavour, nor is the certainty of failure a sufficient excuse for not endeavouring. And this view, which I have always held, is strengthened by the fact that the statue in question, which is to be erected in the town square, is a masterpiece of art. It is a masterpiece of art, and it is a masterpiece of art, and it is a masterpiece of art.

Can this be true? Is there really a town in Britain with no statues? Lowestoft apparently has a sandstone version of Father Neptune, but it is felt that this does not count; the town has no three-dimensional representations of any human figures, with the exception of the newly-installed drunken sailor which it anyway does not like.

Max Beerhohn once suggested that in future, whenever it was desired to commemorate the memory of some great man, it should be done, not by unveiling a new statue, but by unveiling an existing one. There is much in this view; London in particular is far too well supplied with vast and needless trunks of stone, not to mention bronze, most of them representing terrible generals who have never been (If I remember rightly, I'll Abner's home town, Dogpatch, had the most notable of these, a statue to its most famous military son, General Jubilation Roubt, "Corporal's Disaster, and other important reverses). But hideous though all of them undoubtedly are, considered as individual works of art, there is no doubt that London and other cities would be much the poorer and duller if they were removed. Mind you, we do not really look at our statues, and we are wise to refrain, for the best that could happen from too prolonged an examination of some of the statues is that they would be transformed into a pillar of salt. Nor could one passer-by in a thousand tell you the identity of any of them, with the exception of the statue of the Duke of Wellington, which is a masterpiece of art, and it is a masterpiece of art, and it is a masterpiece of art.

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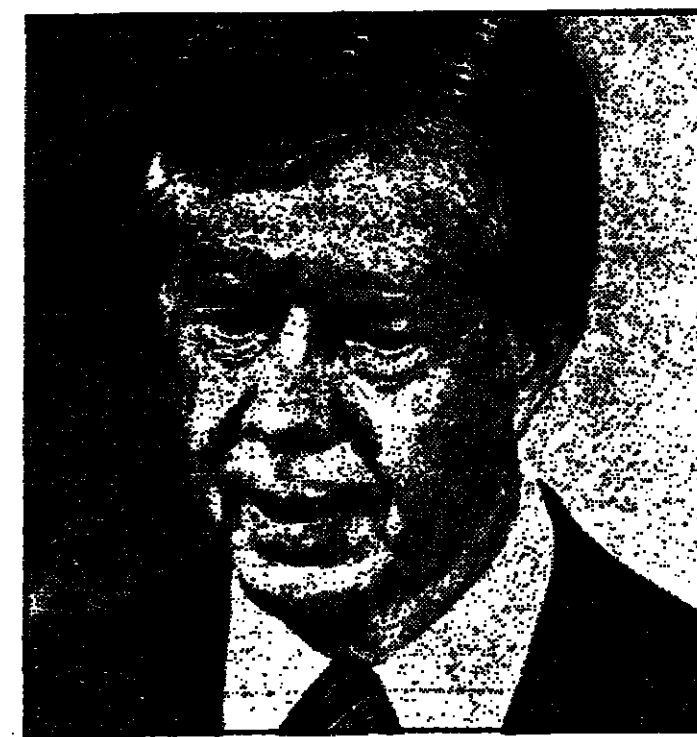
## Too few triumphs, too many failures: Patrick Brogan assesses the Carter years

# The all-American downhill champion

There can be little argument that President Carter's economic policy has been a failure. A man who brings on a recession in election year is doomed to defeat...



The toll of a Presidential term: Mr Carter smiling in 1976, pensive in 1980.



Mr Jimmy Carter's ascent to the White House was the most remarkable saga of twentieth-century American electoral politics. He rose from the most profound obscurity to the presidency, propelling himself upwards by his own remarkable abilities and using the confusion of the times to his advantage.

It has been downhill for him ever since, ending in the most decisive defeat any president has suffered since 1860. He was frequently less popular, as these things are measured by the opinion polls, than was Mr Richard Nixon in the worst days of his disgrace. The volatility and unreliability of public opinion, that blames presidents for every disaster, and seeks salvation in a new face and a new rhetoric, took Mr Carter to victory in 1976 and to defeat in 1980. Now it is Mr Reagan's turn.

Mr Carter won the Democratic nomination in 1976 because he was a conservative and the party was tired of the McGovernite liberals who had led to the defeat of 1972. In the years since, he has often been accused of being a closet McGovernite himself, particularly on foreign affairs and defence, of being hard on foreign friends (like the Shah) and soft on enemies (like the Russians).

That is most unfair—but, as he has answered himself, apropos the cost of abortions to poor women, life is unfair. President Carter certainly tried to stress the importance of human rights in American foreign policy, harping back to Roosevelt and Wilson. He was the last president to the nation, to Thomas Jefferson. He quickly learnt, however, that when paramount national interests are concerned, human rights for foreigners come second.

He started out promising to cut defence spending. Within a couple of years he was promising to increase it by 5 per cent a year. Otherwise, his campaign promises in 1976 were more or less identical with those made by Mr Reagan last year.

He promised to balance the Budget, to "get this great country moving again", to end waste and inefficiency in the Federal Government by reorganizing it drastically, to give the country and the world leadership, to provide a national defence second to none.

President Ford was promising all those things, too, and because he was President, he was not believed. The voters,

by a very narrow majority, chose a leap in the dark and put in an outsider, a man who knew not Washington. Now they have done it again, by a larger majority and, very sensibly, Mr Reagan has let it be known that he is going to act as though he will yet another one-term president.

The problems of the office were too much for Mr Carter. He promised to solve the problems; he failed; he was rejected. Mr Reagan's promises have been even more sweeping and the problems are even worse.

Four years ago, when President Carter took office, he decided to get things off to a fast start by settling two outstanding issues at once, energy and strategic arms talks with the Soviet Union.

He set his new Secretary of Energy, Mr James Schlesinger, to produce a comprehensive energy policy within three

months, and his new Secretary of State, Mr Cyrus Vance, to revise the Salt proposals inherited from the Republicans even more quickly.

The need for an energy policy was unmet and in the spring of 1977 President Carter, in an address to Congress, proclaimed "the moral equivalent of war" and announced his proposals. Congress proved intractable. The proposals were eventually transformed into recognition and the energy bills were passed three years later.

Mr Vance produced a radical revision of Salt II, incorporating proposals for serious reductions in Soviet armaments, and took them to Moscow. The Russians rejected them out of hand and negotiations did not resume for a year. The treaty that was signed on Waterlool Day, 1979, was very much in line with Dr Kissinger's proposals. It was

never ratified by the Senate. These two dramatic failures were largely the President's fault, and they were faults of inexperience. He told Congress what to do instead of consulting it first, and he also told the Russians what to do. His education as President began then, and by the end of his term, if his relations with Congress were still bad, he no longer made repeated and egregious mistakes in dealing with it.

His diplomacy was always bedevilled by the differences of approach between Mr Vance and Mr Zbigniew Brzezinski, his National Security Adviser. Mr Brzezinski was a hawk, Mr Vance a dove, and on one celebrated occasion when they offered two radically different texts for a speech Mr Carter was to make on foreign policy, he simply stuck the two together, hawk in one half, dove in the other, to the utter

confusion of his hearers. His two great successes in foreign affairs were the completion of the Panama Canal treaties and the Camp David agreement between Israel and Egypt. The Panama treaties were the work of presidents since Lyndon Johnson, but getting them through the Senate was Mr Carter's achievement and showed how much he had learnt since his election.

The Camp David agreement was based on the disagreement between Mr Vance and Dr Kissinger and was the fruit of a deliberate decision by President Sadat that the perpetual war with Israel must be ended. Nevertheless, Mr Carter's achievement, first at Camp David itself, and then, in early 1979, getting the two sides to accept the final text, was impressive. He kept misquoting "The Beatitudes" ("blessed are the peacemakers

for they shall be the children of God"), but when he goes to his reward, the efforts to stop the wars in the Middle East should certainly count highly in his favour.

There can really be little argument that President Carter's economic policy has been a failure. A man who brings on a recession in election year is doomed to defeat. From the start, he said that inflation was the main danger, and it is now higher than ever.

He promised to balance the Budget, and the one he has bequeathed to Mr Reagan, for the year beginning next October 1, will have a deficit of at least \$77,000m. America's trading position in the world and the productivity of its industries have both declined. This is not in dispute: the question is how much was the President's fault.

Last year was certainly one of economic stagnation. Budget and economic package of almost British frequency. He could not control the rise in the price of oil and could do little to control the underlying shifts in the American and the world economy. He might have foreseen them more clearly; he might have faced the disaster before the summer of election year.

He was, however, preoccupied with the Iranian hostages, his worst failure in foreign affairs. The arguments over "who lost Iran" have already started and will get rapidly more acrimonious as Mr Carter leaves office and the hostages return.

The episode played a great role in Mr Carter's defeat. He was deeply unpopular in the summer and autumn of 1979. His popularity revived when the hostages were taken on November 4, but by the time of the election a year later the whole business was seen as a demonstration of the decline in American prestige and strength, and Mr Carter's failure to end the crisis a demonstration of his inability to be President any longer.

(That, too, was rather unfair. A loss of prestige is a cumulative affair, and goes back at least to the Vietnam war and Watergate. When Mr Ford was President and Dr Kissinger Secretary of State, the American Ambassadors to Cambodia and South Vietnam had to be rescued from their embassies by helicopter. Mr Carter did no worse than they, and the most sensible attitude to maintain towards the new administration's chances of doing any better is one of nervous scepticism.

## Will Nato really benefit from Mr Reagan?

When the Europeans talk about Atlantic consultation, it has been said they mean they want to stop the Americans from doing something crazy; when the Americans talk about consultation they mean they want the Europeans to obey orders from Washington. That just about sums up the state of the alliance.

Governments in western Europe are now talking themselves that things could improve under President Reagan. Much of his campaign rhetoric will be forgotten, they say, his policies will be more coherent and better managed, and relations between the White House and Congress will be smoother. At least we shall know where we are.

May they be right, but there are worries beneath the surface. Everyone knows that strains in the Atlantic alliance have been caused not just by bad management and temporary disagreements but by a growing tendency to see the world in different terms. Strains of this type could increase because Mr Reagan's world view, and the whole, is more alien to Europe than Mr Carter's.

Mr Reagan and the people around him are convinced that United States military strength has been neglected, that this accounts for a loss of American prestige in the world, and that their main foreign policy task is to restore it. Because they are rightly worried by the dependence of the western world on highly vulnerable supplies of oil and raw materials they are also rightly worried by the ability of the United States to inject military force into un-

stable areas, such as the Gulf. And because they see Moscow's hand everywhere, they are likely to divide the world more sharply into friends and enemies, becoming more tolerant of friendly dictators and less tolerant of the non-aligned.

They could also be less tolerant of Europe. The impression is now widespread in the United States that the Europeans are doing enough to defend themselves or to support American efforts to protect their interests overseas. They are seen as sliding into expensive defence towards the Soviet Union as they struggle to protect their little island of détente and East-West trade against the turbulence outside.

They are charged with either taking American protection for granted or deluding themselves that they manage without it by pacifying the Russians and wooing the Arabs. The Americans are thus left to carry the burden of defending the free world without even earning due gratitude.

While many individual Europeans would agree with a lot of this there is a broad European response which goes roughly as follows. The Americans do not understand how much the Europeans in fact contribute to the defence of the Nato area, and how many still have military conscription, which the Americans (and British) have abandoned.

Nor do Americans understand what it feels like to be a European in the front line of the East-West confrontation facing certain devastation in conflict and increasingly unsure of the strength of the

American commitment. Geopolitics give the Europeans a powerful interest in arms control and tend to make them see the Warsaw Pact as a distant adversary defined by the number of its missiles but as a complex group of partly European states with which the Continent has to be shared.

Furthermore, Americans do not understand that détente is seen in Europe not as a concession to the Soviet Union to be withdrawn as a mark of disapproval but as a broadly beneficial process which reduces the danger of conflict, opens up personal and trading contacts between East and West Europe and fosters development in eastern Europe which, if they can be prevented from getting out of hand, bring greater freedom to the people and gradually reduce Soviet influence.

Finally, while most West Europeans want a strong United States and a sufficient balance of power between East and West they do not share the faith

which Mr Reagan's team seems to have in the efficiency of military power as a practical instrument for the defence of political and economic interests. They doubt, for instance, whether it could be used to secure Middle East oil fields in a hostile environment. It might come in handy for discouraging a Soviet intervention but it could also be in itself destabilising. It is not a substitute for sensitive diplomacy in a complex world, though it is a necessary adjunct.

These differences point to three main areas of possible Atlantic conflict. First, arms control. The Reagan administration is putting off for six months any attempt to restart negotiations on strategic arms limitation. This is probably wise because arms control is altogether in a mess. There are far too many negotiations achieving too little, and there is a crying need for new thinking. America's failure to ratify Salt II has been a severe blow to the presidency, to foreign con-

fidence and to East-West relations. Confusion over theatre nuclear weapons in Europe is scarcely less worrying, for the West is drifting towards negotiations which will either be too complex to manage or will end up limiting the modernization of western forces in exchange for limits on the Soviet SS20 missile, leaving other Soviet systems intact.

A pause for a sorting out of ideas could be useful. However, there could be a severe crisis of confidence in the alliance if the Reagan administration becomes so obsessed with building up its weaponry that it fails to take seriously the need to put some negotiated constraints on the arms race.

Next there is East-West trade. Many people feel it ought to be fitted more consciously into a general political strategy but it is difficult to see how this can be done, especially with so many industries in competition outside the alliance. Europeans see the problem but without some better framework they would not react kindly to pressure from America to put additional limits on their trade with the Warsaw Pact, especially if American farmers are released from Mr Carter's embargo on grain exports to the Soviet Union.

Thirdly, there is the growing problem of securing the oil supplies of western Europe, and vital trade routes of the western world against local turbulence or Soviet pressure or a mixture of both. It is here that the Americans feel most lonely and the alliance is most confused. A broad strategy looking beyond the European area is badly needed. It will not be found if

the United States becomes preoccupied to the exclusion of all else with matching the Soviet Union in the arms race, or with fronting it with military force on the ground. Nor will it be found if western Europe fails to respond to American concerns. There will have to be give and take on both sides.

The United States will have to abandon any idea of regaining global supremacy and learn to pursue its interests as a more vulnerable power in a more complex environment with allies to whom it can no longer dictate. The allies, for their part, will have to take their global vulnerability more seriously and be ready to share responsibilities commensurate with the voice they now claim in formulating the policies of the alliance. A lot of consultation will be needed.

All these themes were discussed by West European officials and politicians and members of President Reagan's transition team at a recent conference, organised by the Ditchley Foundation. There was one possible significant incident. After a long debate among themselves a group of Europeans confronted one of the hard men from Washington with their general conclusions. They expected to be rebuffed. Instead, the amiable aspirant to a seat of power in Washington said he agreed with everything. If by any small chance this is a pointer to the future, the optimists of Europe may not, after all, be so far from themselves. But it would be safer not to bank too much on it.

Richard Davy

## LONDON DIARY

### A family tree grows in Washington

When Ronald Wilson Reagan takes the oath of office in Washington today, to become the fortieth United States President, he will be the oldest man to have stepped into that weighty office and the seventh who can trace roots to Ireland.

He also merits an entry, like his 39 predecessors, in the nearest thing the secessionist colony can boast to a Royal Family tree. Burke's *Presidential Families*, which has rushed out a new edition for inauguration day.

Genealogical tables of the American presidents are much simpler than the ones that appear in the English edition of Burke's *Peerage*, not least because they are often a good deal more vague. The Reagan family tree begins with great-grandfather Michael, born in Ireland around 1823, possibly in county Tipperary. He married Catherine Mulcahy, perhaps in England, and died sometime after 1900, probably at Fulton, Illinois.

What English family aspiring

to nobility would stand for that sort of imprecision and hedging? Grandfather John was an equally shadowy figure, perhaps born in England, who worked on a grain elevator in Illinois. Father John Reagan emerges more clearly; his wife's mother's father, came from Epworth, but John himself is dismissed by Burke as "a shoe salesman who drank too much".

Reagan's descendants take up the family name as his known forebears, what with two marriages and a total of four children, one of them adopted. Daughter Patricia is the actress-singer, but John himself is dismissed by Burke as "a shoe salesman who drank too much".

The writings of President Reagan occupy a single line (his 1955 autobiography, *Where the Rest of Me?*) but all his starring film roles are listed, from *Love Is On The Air* (1937) to *The Killers* (1964). Of his film career, Burke comments: "Ronald Reagan had the good sense to find other employment when in his forties he became too old to play romantic roles, and was not, wrinkled and grave enough to be cast as a patriarch."

Reagan is the only president

besides Kennedy who can claim southern Irish origins; the other five Hibernians were actually descended from Ulster Scots. Four presidents could claim direct Scots lineage, three (McKinley and Roosevelt) were of Dutch stock, and two (Hoover and Eisenhower) had German origins. Reagan, doing contrast, supplied the ancestors for 22 presidents, says Burke.

Americans with a sense of history will be hoping that Reagan's inaugural address is not too long. Until today, the oldest president to take office was William Henry Harrison in 1841 at the age of 68. He spoke and the cold for a few hours and died within the month.

The lesson would seem to be that for Presidents on such occasions longevity and longevity would seem to be incompatible, says Burke.

Quite apart from his advanced

me, that all his seven predecessors elected during a year ending with a nought died in office. This is the record: Kennedy, assassinated 1963; Roosevelt, died 1945 early in his fourth term; Harding, died 1923 while his administration was involved in a major corruption scandal; McKinley, shot by an anarchist in 1901; Garfield, shot by a disappointed public office seeker, 1881; Lincoln (and how did you enjoy the play, otherwise, Mrs Lincoln?) in 1865; and poor old Harrison, who survived only five months after his Log Cabin and hard cider election victory in 1840.

The only two previous "0" year presidents were elected in unusual circumstances. Monroe (he of the charismatic Doctrine) had a virtual walkover in 1820 when, according to legend, a single member of the electoral college cast his vote for John Quincy Adams to ensure that Washington was the only president ever elected unanimously. And in 1800, Jefferson was chosen by the House of Representatives after a dead heat with Aaron Burr.

Should the unhappy augury hold good, it will be President George Bush who ushers in the

Brave New America of 1984, thankful that he lost the 1980 Republican nomination.

### Low profile

After years of having a hole in the ground where it should have had an opera house, the handsome city of Edinburgh is now suffering from another ugly and equally controversial hole right in the middle of its attractive and familiar face.

The Cockburn Association, one of the guardians of the city's good looks, is pressing the city's good looks, and the city council to publish their latest designs for the vacant Waverley Place site on the south side of the city's main street from any development that would obscure the splendid view to the Old Town and the Castle.

Although the original plan was amended, no building may rise from the Waverley valley to more than four feet above the street level. The city plan put forward by the Royal



Fine Art Commission for Scotland and the Cockburn Association, who declared that a proposed tourist information office would intrude unacceptably on the sight lines.

"In fact it would have a completely disastrous effect, ruining the view from that end of Princes Street", said Oliver Barratt, the association secretary. Lord Cockburn would doubtless have agreed with him. In 1849 he wrote a letter to the Provost on "the best ways of spoiling the beauties of Edinburgh", pointing out that one of the city's most fortunate peculiarities was the valley between Old and New Towns. "For effect the deeper the valley can be kept the better, especially towards the east where its depth is indispensable to that most curious of all city scenes—the northern slope of the Old Town."

Lovers of Edinburgh are anxious that there should be no repetition of the planning megalomania which allowed the huge and hideous St James' Centre to rise from the ruins of a city centre square where once Robert Burns went philandering.

In for a panning After fringe theatre (in pubs and clubs, often with food), we can now proudly present the logical extension—midriff theatre, in which the food takes over entirely. London is about

to get its first cookery theatre, Le Théâtre de la Petite Cuisine, attached to a cookery school in Richmond.

Lyn Hall, the co-director of the enterprise, has a suitably theatrical background for the venture, having been a session baller dancer before she turned to the culinary arts.

The curtain goes up on Thursday and the premiere will star Les Frères Roux, proprietors of Le Gavroche restaurant, who are best known for the dramatic daring of their vertiginously high prices.

Theatergoers are promised a demonstration in bread-making and the preparation of shellfish at prices from £5.25 to £7 each with "a sample of the food being prepared before the eyes of the audience. Price tickets being sold off in Leicester Square on the day of performance."

Red faces at the Reading Chronicle, which has been obliged to publish an apology to a Mr Barker of Tilehurst. "He is not and never has been a scientist as we reported in our last week. He is an engineer."

Alan Hamilton











# THE TIMES

## BUSINESS NEWS

Difficult  
choices for  
the coal  
board, page 19

Ulster fears  
of closure  
as Enkalon  
cuts 800 jobs

By John Huxley  
British Enkalon has scrapped a £20m modernization programme at Antrim Northern Ireland, and is making a further 800 workers redundant.

It was announced yesterday that the company, which had been in talks with the Government over the long-term future of the plant.

Mr J. Martin Ritchie, the chairman, said that the company recognized the serious consequences of a shutdown of the plant, which employs about 1,600 workers in an area of high unemployment.

Trading in Enkalon's shares was suspended yesterday pending an announcement of production changes and job losses, which would include some workers being made redundant at its Leicester headquarters.

The Enkalon plant—making nylon, polyester filament and tyre cord—is the largest remaining in the North of Ireland's once-thriving man-made fibres industry.

Last year, Courtaulds ended its viscose and polyester operations in Carrickfergus. Du Pont closed its acrylic fibres plant at Londonderry and ICI Fibres ended production of polyester at Kilroot, with the loss of 1,100 jobs.

British Enkalon, which is 84 per cent owned by Akzo, the Dutch chemicals and textiles group, last made a profit in 1974.

In its statement the company blamed continuing substantial losses on the unfavourable trading environment for synthetic textile and carpet yarn.

These difficulties had been aggravated by the strength of sterling, which in the British textile industry, greatly increased imports.

Gloomy forecast: Unemployment in Northern Ireland—which was 93,800 last month—will rise to 125,000, a rate of 21.5 per cent, by the end of the year. This forecast is made in a report *The Northern Ireland Economy: the Current Economic Situation and Prospects for 1981*, which Coopers and Lybrand published in Belfast yesterday.

The study predicts a further fall of 8 per cent in Ulster's manufacturing output this year (against 6 per cent in the first three quarters of 1980), while retail business is expected to fall by a further 2 per cent, with the reduction of purchasing power resulting from increased job losses and pay settlements being below the inflation rate.

Textile redundancies: Employment in the cotton and allied textile industries fell by about 30 per cent to 45,420 in the 12 months to November last year, figures issued yesterday by the Textile Statistics Bureau show.

The total wage of cloth—received by finishers in the three months up to November—was 27 per cent down on the corresponding period of 1979.

## Profits prediction by Post Office despite £46m loss in first half

By Bill Johnston

The Post Office corporation made a loss of £46m in the first half of this financial year, compared with a profit of £49m in the first six months of last year, but it said that it expected to make a profit over the year as a whole.

In the first half, Posts lost £30m and Telecommunications lost £16m but the National Girobank turned in a profit of £3m.

The Posts and Giro division denied that the losses would mean an early rise in post charges in the new financial year, despite a confirmation of predictions that it would not be able to realize its target of a 2 per cent increase on its present revenue, now estimated to be about £2,000m.

Last year the division met its revenue target making a profit of £34.1m on income of £1,708m.

If the trend in telecommunications continues it too will be in the red, with a loss of 5 per cent of its assets which now stand at about £16,000m, taking inflation into account.

The drop in profit for this division, soon to become the independent British Telecom, is severe, particularly as it is traditionally one of the more profitable areas.

Despite the downturn which it attributed to the recession, the computer personnel strike in the summer of 1979 and to a general increase in costs, it says that it has still managed growth of 6.3 per cent.

The corporation expected to lose business after its November tariff increase, resulting in 91,000 fewer new exchange lines, 35 million fewer trunk calls and 142 million fewer local calls than it would have achieved had there been no increase.

Both sides of the Post Office, however, expect an upturn in their fortunes in the second half.

Posts and Giro's fall in profits caused the corporation to embark on a programme of cost-cutting. Although the Posts division's capital expenditure is modest compared with that of British Telecom's £1,500m a year, it is still a significant amount.

In a recent letter to *The Times*, Mr Ron Dearing, chairman of Posts and Giro, said: "Our overall capital expenditure of £76m this year will be more than the amount we originally planned, and we are financing the excess by disposing of buildings and sites for which we have no further use."

Increased efficiency and the rise in postal charges from January 26 making the first class letter rate 14p and the second class rate 11.5p is expected to bring Posts into profit.

At Christmas the Post Office used 14,000 fewer casual workers than it had used the previous year to move the same amount of mail. The postal side employs 180,000 staff whose wages account for 80 per cent of its costs, so savings in man hours are significant.

But British Telecom will undoubtedly have to consider an early rise in prices if it is to maintain its investment programme. This year's allocation has already been made but next year's could be cut back unless an increase is made to offset the cost.

If it is to achieve its target of 5 per cent on assets, it will have to transform its £19m loss into a profit of £300m.

## Davy to fight Enserch bid in courts

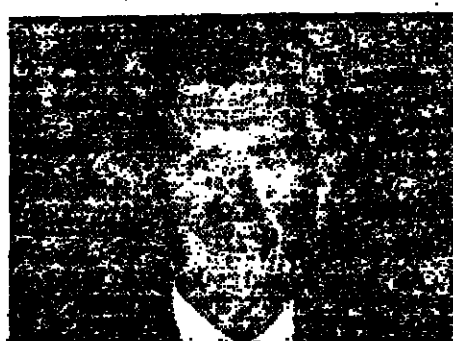
By Andrew Goodrich-Clarke  
Financial Editor

Davy Corporation, Britain's largest process plant manufacturer, is to carry its fight against a £143m takeover bid from the United States Enserch Corp. into the American courts.

In a carefully-worded statement last night Davy's board, headed by Sir John Buckley, said it considered such action necessary "to protect its shareholders' interests".

Enserch, a Texas-based utility and oil exploration company, made an offer in common shares and cash stock for Davy last month. Prior to the abolition of exchange controls in Britain at the end of 1979, foreign companies bidding for British ones would have had to pay in cash.

A sudden rise in the share price of Davy ahead of the bid led—at Davy's request—to a Stock Exchange inquiry into market dealings. This is still continuing, but meanwhile Davy's share price has fallen back to 152p, compared to the 190p value put



Sir John Buckley: taking action to "protect the interest" of Davy shareholders.

on the shares at the time Enserch announced its bid.

Davy says it is charging Enserch in the Federal District Court of Columbia with violations of the United States federal securities laws in connection with the offer. Davy also alleges that previous press

statements by Enserch and "redundant stock market activity in Britain and the United States have unlawfully and falsely prejudiced the market for Enserch's offer".

Moreover, Davy claims that proposed offer documents filed with the United States Securities and Exchange Commission by Enserch contain "misstatements and omissions concerning Enserch's business and financial condition".

In the United States such claims are not unusual and often are followed by counter-claims, in what invariably turns out to be a lengthy process of litigation in most takeover bids.

In Britain, however, where takeovers are partly governed by self-regulation, Davy's action before the American courts is breaking new grounds in the defence of a bid from a foreign company, although there was some legal skirmishing in the United States courts when the American insurance broker, Marsh & McLennan, bid for the British C. T. Bowring group last year.

Financial Editor, page 19

## Ford wins majority vote for 9.5pc rise

By R. W. Shakespeare

More than 80 per cent of Ford car workers in plants around the country have voted to accept the management's 9.5 per cent pay offer in spite of its rejection by national negotiators and recommendations by shop stewards that it should be turned down.

The last important hurdle before getting the pay deal accepted nationally was crossed yesterday when body and assembly plant workers at Halewood on Merseyside met to vote at the South Liverpool Football Club ground.

Only about 2,000 of the 10,000 workers eligible to vote turned up for the meeting, but the show of hands was a convincing one in favour of acceptance.

The Halewood plant is now divided on the pay issue. On Saturday, in the transmission workshops turned the deal down by a three to one majority.

However, Ford now has acceptance votes from meetings which at least nominally repre-

sent some 50,000 of its shop-floor workers. This gives the company the go-ahead to implement new pay scales backdated to November 21 which will give most workers average increases of around £8 a week.

The new basic rate for a grade 'B' Ford worker—the biggest proportion of those on the shop floor—working alternate fortnightly day and night shifts becomes £17.44 a week.

But the Halewood plant is still in trouble over production of the new Escort on which much of its sales hopes for this year are pinned.

Production was stopped again yesterday with 9,000 workers laid off because of a dispute which began in the paint shop last week.

Ford suspended the paint shop workers after they refused to carry out the job which the management claim meant an extra seven seconds work on six cars an hour. The drivers walked out in sympathy and when stocks of car body shells ran out the rest of the workers had to be sent home.

But the pressures on industry to do so are made clear by figures on industrial and commercial companies' cash flow published by the Central Statistical Office yesterday.

These show that the cash surplus of companies in the six months fell by a third compared with the previous six months.

In the third quarter itself the net surplus of companies before allowing for capital spending fell to only £1,631m.

Moreover, a further rise in bank borrowing during the three months to last September suggests that the cash pressures on certain sectors of industry continue to be severe.

With gross trading profits in the six months to last September showing their first fall in nominal terms in a six-month period for 15 years, and with interest and tax payments staying high, the undistributed income of companies in the six months fell by a third compared with the previous six months.

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## Italian steel chairman resigns over lack of government support

From John Earle

Rome, Jan 19.—Italdier, Italy's biggest steel producer, was plunged into crisis tonight with the resignation of Signor Ambrogio Puri, the chairman, in protest at lack of government support.

The state-owned Italdier, part of the Finisider group, has not made known its 1980 results, but they are expected to be worse than the 258,000m lire (£122m) loss of 1979.

Signor Puri said in a statement that Italdier was on the way to recovery until mid-1980, but then came the European steel crisis. In the second half of the year it was selling its products at prices below those 12 months earlier, while factory costs had risen by 20 per cent.

Though the company was basically sound, it needed strong support from the government.

This specific support was, in reality, lacking", Signor Puri said. Signor Gianni de Michelis, the Socialist minister for state-owned industry, had adopted an attitude which was "partic-

ularly severe and I would also say unacceptable".

On December 16, he wrote to the minister asking if he would explain the situation. But there had been more than a month of silence. He therefore felt that his continued presence was "an obstacle towards facing questions which are daily becoming more serious and dramatic".

The plans for closer cooperation with Luxembourg will be raised at the end of the week in talks between the Belgian and Luxembourg Governments beginning on Saturday.

Both Cockerill and the Hainaut-Sambre group, which is usually referred to as the "triangle" group of companies, are heavy loss makers.

Today Singapore Airlines takes delivery of the first of 12 A300 long-range Airbus, which the makers see as "another significant step forward on a high prestige route".

This week the 150th pair of wings made by British Aerospace will be delivered to the Continent.

Thirty-nine airlines have ordered a total of 460 Airbus, 303 of them firm orders and 157 paid options.

But the manufacturers expect to sell 1,000 by 1990 and 2,000 by the end of the century.

But the pressures on industry to do so are made clear by figures on industrial and commercial companies' cash flow published by the Central Statistical Office yesterday.

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## Belgian groups plan merger

Cockerill of Liege and Hainaut-Sambre of Charleroi, Belgium's two largest steel companies, plan a merger that would create a group in the French-speaking southern part of the country with an annual production capacity of eight million tonnes.

If successful it could be followed by closer cooperation between the south Belgian steel industry and the Arbed Group of Luxembourg.

The plans were being explained to the Belgian Cabinet in Brussels today. The Govern-

ment is bound to play a crucial role because it has large minority shareholdings in both groups, while the merger will inevitably involve a loss of jobs.

The plan was outlined at the weekend by M. Julien Charlier of Cockerill and M. Albert Frere of Hainaut-Sambre at a meeting attended by M. Willy Claes, the Belgian Economics Minister, Viscount Etienne Davignon, the European Commission's Industrial Affairs and M. Emmanuel Tesch, the chief executive of Arbed.

It will be presented to the trade unions tomorrow and will be discussed further on Thursday at a meeting of the Belgian Government's Planning Council which brings together government, unions and employers.

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## Airbus workforce to double

The number of workers employed on the part-British European Airbus will double by 1984 and British Aerospace will invest £250m in the project.

Officials say the aircraft is a "real success story" for Britain and for European cooperation, and "for the first time we are giving the American manufacturers some real competition".

Britain has a 20 per cent stake in the Airbus, which is being made by a European consortium. This week the project passes two more milestones.

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Moreover, a further rise in bank borrowing during the three months to last September suggests that the cash pressures on certain sectors of industry continue to be severe.

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## Retail sales show rise of only 1pc for year

By Melvyn Westlake

The underlying level of retail business remained depressed in December, extending the trend that has been experienced in Britain's shops since last March.

The volume of retail sales rose less than 1 per cent in the whole of 1980, compared with the previous year. In 1979 the volume of retail business rose by 4.5 per cent.

The Department of Trade's index of volume sales is provisionally estimated to have risen in December by 0.3 to 109 (1976=100). Because this figure is seasonally adjusted, it makes

no allowance for Christmas trading.

There are no complete figures yet for trading during the Christmas period, but the Retail Consortium believes that sales might have been reasonably good during the final few days before the holiday.

The depressed state of business generally means retailers are content to hold their margins and maintain vigorous price promotions.

This has been the pattern for many months, and some winter "sales" began even before Christmas. Reports from the trade suggest that these "sales" have been successful in increasing business.

But taking last year as a whole, retail sales showed their smallest volume growth for three years as unemployment rose and people chose to save more of their incomes.

At the same time, while the average value of retail sales was 14 per cent up in 1979, many other items of consumption like housing, fuel and transport rose much faster in price.

Expenditure on these latter items tends to be given priority, with the result that the amount of money left for spending on retail goods was reduced.

Overall, consumers' expenditure is unlikely to have shown

## Insurance bodies tighten their standards of conduct

### Closing the door on doubtful selling

The foot-in-the-door insurance salesman of ill-repute had better be careful. His technique of promising the earth and goodness knows what else has not only been rumbled, but the onus has now shifted to the insurance company using his (or her) services to do something about it.

The Life Insurance Association (the Life Offices' Association), Associated Scottish Life Offices (Association) and the British Insurance Association, have at long last published codes of conduct governing the selling of both life and general insurance.

As soon as the insurance brokers' fraternity came under greater scrutiny, culminating in the Insurance Brokers (Registration) Act 1979, it was only

a matter of time before the insurance industry had to look to the source of the other side of its business—direct salesmen, other intermediaries and agents such as accountants, and the mere introducers of new business.

The codes of conduct, devised after detailed discussions with the Department of Trade, the appropriate professional bodies and consumer interests, have been a long time coming. They were initially expected last autumn and there have been a couple of false dawns since then.

Salesmen and other sales agents must abide by the code of conduct, but in the final analysis it is up to the insurance company to make sure that people it employs observe

the rules, otherwise membership of the trade associations could ultimately be forfeit.

To be fair to the industry and its agents, most reputable companies and salesmen—whether employed directly or not—already adhere to the principles laid down by the codes of conduct.

But was beside anyone in future who makes an unsolicited or unarranged call on a prospective policyholder at a time which not "likely to be suitable" or who fails to make it known "as soon as possible" that it is life insurance he wants to discuss: this is the dig at the clip board questioner, purporting to be conducting a survey on savings.

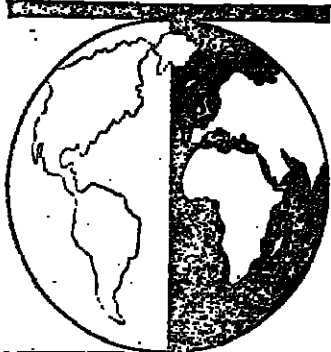
Margaret Stone

## PRICE CHANGES

Rises					
Ass Power	4p to 29p	Reed A	8p to 62p		
Daily Mail	7p to 47p	Richards & Wall	5p to 20p		
Ferranti	15p to 85p	Scott & Merc 'A'	5p to 17p		
More O'Ferrall	6p to 10p	Vickers	8p to 142p		
Royal Elect	5p to 29p	Westland Air	8p to 128p		

Falls					
Farclays	14p to 39p	Lasmo	10p to 70p		
Burnett R'shire	15p to 85p	Mercantile Hse	17p to 54p		
De La Rue	25p to 67p	Rangers	3p to 41p		
Harrisons Cros	24p to 75p	Unitich	15p to 22p		
ICI	8p to 28p				





## \$400m extra Chrysler guarantees

The United States Government's Chrysler Loan Board yesterday finally approved the issue of up to \$400m (£160m) of government-guaranteed loans to the ailing car maker.

The Congress now has 15 days to review this decision and it looks almost certain that the company will be able to obtain the cash in early February.

Already Chrysler has drawn \$500m of government-secured loans.

Legislation provides for an overall total of \$1,500m of guaranteed loans for Chrysler and official budget estimates released here include provision for Chrysler obtaining the full amount by the end of September of this year.

## Venezuelan exports

Venezuela has agreed to boost oil exports to Italy, according to a joint statement issued in Caracas after four days of talks between Signor Emilio Colombo, the Italian foreign minister and Venezuelan government officials. The amount was not specified.

## Danish krone threat

Expected rises in Denmark's balance of payments and state budget deficits will probably prompt new government economic measures this year, and possibly force an aggressive depreciation of the krone, the Danish Bank said in Copenhagen.

## Nissan in Mexico

Nissan Motor Co said in Tokyo that its Mexican subsidiary, Nissan Mexicana SA, plans to spend about \$300m (about £125m) over the next four years to treble engine production to 360,000 a year.

## Record Swiss deficit

Switzerland's trade deficit widened to a record 11,250m francs (about £2,600m) in 1980 from 4,710m francs in 1979, because of considerably higher imports, the Federal customs office said in Berne.

## Iran shares move

Iran's parliament, the Majlis, has dismissed a proposal to nationalise all shares held by foreigners in Iranian companies, because it lacked any reference to compensation.

## Move to speed application of automatic speech recognition systems Collaborating with industry in new projects

The National Physical Laboratory and Warren Spring Laboratory, two Department of Industry research establishments, have set up collaborative projects with industry to hasten the application of specific technologies. The subjects are automatic speech recognition and microelectronics-based control systems for the process industries.

At the NPL, Teddington, Middlesex, a speech-recognition club has been formed to help the transfer of NPL technology in this area to industry members such as Ferranti Computer Systems, Plessey, Systems Designers, Quest Automation Research and Nexos Office Systems.

Direct speech input to automatic systems, already available to a limited extent, is expected to show advantages in a wide range of equipment for business, process control, aviation electronics and defence systems. It offers the most natural and quickest form of human communication.

Work at NPL has concentrated on continuously spoken input. Existing systems in general require special enunciation, with gaps between words, but the NPL system can accept input as it is normally spoken.

Background noise, and the limitations of the telephone, are also taken into account in the NPL method. Thus the work should lead to the integration of speech with the accepted means of business, and should reduce the present dependency on methods of data capture which require highly skilled staff.

In the second government-industry link, Warren Spring Laboratory at Stevenage, Hertfordshire, has set up a collaborative project known as Microbatch with a group of 20 companies in the process plant and instrumentation industries. The aim is to overcome problems in the effective introduction of advanced control technology.

Problems include the specification and choice of equipment; making sure of the performance and compatibility of instru-

## Technology News

ments; ensuring reliability of electronics in the factory environment; and the motivation of operators, engineers and supervisors.

The jointly funded Microbatch project aims to overcome such problems through surveys of systems; specifications for environmental protection of equipment; evolution of process-control strategies and techniques, including human factors; and case studies of working systems. The scheme is open to further member companies.

## Greater efficiency with solar cell

An experimental solar cell based on amorphous silicon has converted light into electricity with an efficiency of 6.6 per cent, according to reports from Energy Conversion Devices of Troy, Michigan. The material is claimed to promise an efficiency of 7 to 10 per cent, at which level such cells could compete economically with electricity from conventional power plants.

The claims are made by Mr Stanford Orshinsky, founder of the company. Its solar-cell research is being conducted under an agreement with Atlantic Richfield, which has put up \$28.3m (about £12m) for various energy-related projects with the company.

Conventional silicon solar cells, as used on spacecraft, use crystalline silicon in which the atoms are aligned in a lattice-like arrangement. In amorphous silicon, the atoms are not arranged in any geometrical order.

The main advantage claimed for the amorphous material for solar cells is that it should be much cheaper to produce. It

would be deposited as a thin film on large sheets of material. The experimental device is only about one-tenth of an inch square; but the company said it was developing a machine which could turn out 16-inch square panels of the amorphous film.

Previously, the highest achieved efficiency using amorphous-silicon was 5.5 per cent, obtained by researchers at RCA Corporation in 1977. The new figure of 6.6 per cent was achieved in a thin film of amorphous silicon alloyed with fluorine and hydrogen.

Mr Orshinsky has met with some scepticism over his claims that the new material can lead to an economically competitive solar-energy converter far sooner and at a cheaper price than the goal set by the United States Department of Energy.

The Department of Energy's target date for the production of solar-cell modules, that will cost about \$1.60 to \$2.20 per peak watt of electricity, is 1986. The recent development by Energy Conversion Devices relates only to the conversion efficiency of the material; much further work is needed in moving from this stage to the completion of solar-cell modules.

In another line of solar-cell research, Solarex of Rockville, Maryland and Westinghouse Advanced Energy Systems of Pittsburgh, Pennsylvania, are to develop new factory processes for solar-cell modules under contract to the National Aeronautics and Space Administration's Jet Propulsion Laboratory at Pasadena, California.

JPL is managing a programme known as the Low-cost solar array project on behalf of the Department of Energy. The two companies will develop experimental factory processes, which demonstrate the ability to produce modules which could be sold at a price of 70 cents a watt (at 1980 prices).

Kenneth Owen and AP-Dow Jones

## BP Chemicals reaffirms faith in £57m Grangemouth alcohol plant

By John Huxley  
BP Chemicals yesterday ended months of uncertainty over the future of its new £57m synthetic alcohol plant at Grangemouth, when it confirmed that the plant will definitely be completed.

Mr Robert Horton, the managing director, said: "We have decided to give an unqualified go-ahead for the ethanol project at Grangemouth. In a message to the group's 14,000 employees, he added that the decision also reaffirmed BP's faith in the future of the Scottish port, on the Forth, as a petrochemical centre.

The new plant will employ the latest technology and will confirm BP Chemicals as one of the world's largest producers of synthetic alcohol, which is an important raw material in the manufacture of products ranging from pharmaceuticals to adhesives. It is also widely used, in its denatured form, as a solvent in cosmetics, varnishes, inks and detergents.

Work on the new plant, which will have a capacity of 150,000 tonnes a year, began early in 1979 and has been

under constant review since. Its completion has been threatened by proposed European Community regulations on alcohol production, which BP claims would disrupt the market.

The draft regulations contained proposals to allow up to 100,000 tonnes a year of alcohol produced from agricultural materials such as wine, potatoes, beet, fruit or cereals, to be sold into the European market at subsidised prices.

BP Chemicals argued that the influx of cut-price product, in competition with synthetic alcohol produced from ethylene, would wreck a European market balanced at about 400,000 tonnes a year.

Work on the Grangemouth project was halted at least once, and in the past year BP Chemicals again let it be known that the progress of the regulations was jeopardising the future of the project. Last April, indicated that it was prepared to challenge through the courts the validity of the proposals in the draft regulations if they were approved.

In fact, the Community has been trying to produce a policy



Mr Robert Horton: "Unqualified go-ahead" for project.

for alcohol for about eight years, and for much of this time draft regulations have been bogged down in the Commission machinery.

The Grangemouth plant will replace capacity of 90,000 tonnes a year in two old units and adds to the group's commitment to synthetic alcohol at its South Wales plant.

## Electronics talks begin at NEDO

A meeting at the National Economic Development Office today marks the beginning of a renewed attempt to establish priorities and an overall industrial strategy for the electronics industry.

The meeting is the first to be held by the reconstituted Electronics Economic Development Committee under the chairmanship of Sir Henry Chilver, vice-chancellor of Cranfield Institute of Technology.

The importance attached to the subject is reflected in the high level of the membership of the development committee. Chairmen and managing directors who are members include Mr Derek Alun-Jones of Ferranti, Sir William Barlow of Thorn-EMI, Mr Peter Benton of Post Office Telecommunications, Sir Kenneth Corfield of Standard Telephones and Cables, Dr James Merriman of the National Computing Centre, Mr Des Fitcher of Plessey Telecommunications and Office Systems, Sir Robert Telford of GEC-Marconi Electronics, and Dr Chris Wilson of International Computers.

## LETTERS TO THE EDITOR

## Reasons for buoyancy of exports

From Professor D. K. Stout  
Sir, Mr Melvyn Westlake (*The Times*, January 14, "How much of a crisis in exports?") draws attention to the strange buoyancy of British exports of manufactures during the past two years, while a combination of the rise in sterling and the increase in our unit labour costs has reduced our overall cost competitiveness by between 40 and 50 per cent.

One factor which Mr Westlake mentions has been well established empirically over several decades: the United Kingdom share of world exports tends to hold up better when the home market weakens. As the Treasury used to say long ago: "You can't get a quart out of a pint bottle". But this is not a convincing explanation of what has been happening lately.

Our own "pint bottle" was very far from full in 1973. Spare capacity abounded, yet manufactured imports were being sucked in at a prodigious rate.

There do appear to be only two other plausible explanations. One is the existence of a long lag before customers react to higher (foreign cur-

rancy) prices. We shall have to wait and see. It took fully two years for the 1967 devaluation to begin to have its full effect upon the British balance of payments, and it may be that all the news on the export front is bad and it is still travelling towards us. It would be surprising if this is the whole story, since the real effective exchange rate has now been rising since 1976.

The remaining possibility is that our manufacturers have been improving price-performance during the last two years by "up-market" moves towards more sophisticated products and specifications. This is a very difficult hypothesis to test statistically, but there are some outcrops of what may be future facts.

Mr Michael Brech of the National Economic Development Office (NEDO) and I have found that between 1978 and 1980, within mechanical engineering, the growth of the value of British exports among high value products (measured by the crude indication of £000 per tonne of product) has been several times faster than the

growth of sales value in the other products in the sector. Before 1978 sales growth was much the same for cheap and dear products alike. (The results of this work will be published later this year as part of a symposium in *Oxford Economic Papers* on "The monetary supply and the exchange rate".)

Mr Westlake may be right to say that "No evidence of any improvement in non-price factors has yet been found by economists in Whitehall". But during my time in NEDO we were able to find some evidence of the part played by these factors in the decline in the United Kingdom export share. And it is just possible that we are now seeing the first signs of a breakdown in yet another "well-established relationship". One hopes so even though it may be a comfort if, and when the full force of our loss of cost competitiveness rolls in upon us.

Yours faithfully,  
DAVID STOUT,  
Department of Economics,  
University of Leicester,  
Leicester, LE1 7RH.  
January 15.

## Clearing banks' influence

From Mr A. J. Hutton  
Sir, Although well intentioned, the clearance of Mr. John Brown (January 5) does not appear to be as well considered.

In his support of the mysterious Mr Derek Wheatley (who is subsequently disclosed to be a Lloyds Bank lawyer despite his self-avowed use of a club address), Mr Brown implies the government to retain the "non-discrimination clause" imposed by the British clearing banks on retailers in Britain by way of the credit card union. Mr Brown says that without this clause garages for example, will make a surcharge on transactions paid for by credit cards.

Mr Brown should consider carefully the implications of becoming too partisan. Clearly a retailers' discrimination by surcharge is merely a defence of their share against the potential blow that the cost of a credit

card transaction would have upon his profit margins, which, in the case of petrol sales, are crucially narrow.

When the clearing banks, through their credit card schemes, make more profit upon the sale of a gallon of petrol than the garage itself, then clearly the position requires fair legal controls and makes Mr Brown's conclusions even more bizarre.

While one wisely avoids repetition of the phrase and issue of "ripping off", one cannot but feel that endorsement of a "non-discrimination clause" will only add to the heavy yoke already borne by the United Kingdom economy by reason of the clearing banks' overweening influence upon industry and commerce.

A. J. HUTTON,  
15 Summer Place,  
London SW7.  
January 8.

## Disturbed by staples

From Mrs Dorothy M. Box  
Sir, I possess two domestic paper staplers—one from Boots the other from W. H. Smith's. Recently, I needed a further supply of staples. I discovered that the model sold by W. H. Smith is no longer available, but was assured by an assistant that I had suitable staples—the only small ones on sale. I found they did not fit!

You can imagine how disappointed I was to discover that Boots had also changed their model with the same result. Then I made a happy discovery—the W. H. Smith's re-

placement staples are ideal for the Boots stapler and vice versa. Other people may find that this knowledge obviates the need to buy a new stapler!

However, this does raise several disturbing questions concerning efficiency, customer service, etc. How much do we matter? I would be interested to know if this is an isolated example or whether we, the customers, are being treated with complete contempt. Yours faithfully,  
DOROTHY M. BOX,  
41 Holmfield Avenue East,  
Leicester Forest East,  
Leicester.

## Delivering Yellow Pages

From Mr David Stern  
Sir, I was very much encouraged by Mr Mavin's reply to my complaint on non-existent emergency services (January 4) and he has every right to complain of the money he spent to advertise in the Yellow Pages.

My letter made it clear that I checked every advertiser in the 1978 editions, for the simple reason that I have never received a 1979 or 1980 edition of the Yellow Pages. That would appear to make Mr Mavin and his fellow advertisers' investment pretty valueless. Perhaps the Post Office could explain its Yellow Pages direct distribution policy.

Yours faithfully,  
DAVID STERN,  
David Stern & Partners,  
Owens Design Centre,  
69 Caversham Road,  
London, NW5.  
January 15.

## Financing perils

From Mr A. F. Liddell  
Sir, Mr Dearne, Chairman of National Girobank (January 12) seeks to parallel the peril of postal financing with those of private businesses.

He graciously conceded that such businesses are making difficult decisions and developing survival initiatives, but he fails to acknowledge, and perhaps appreciate, how the task of the organization for which he has responsibility is significantly eased—even simplified—by the "monopoly" factor. A. F. LIDDELL,  
"The Tusset",  
9 Whitburn Bents Road,  
South Bents,  
Sunderland,  
January 12.

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£7,000 becomes	£9,800	£11,200	£12,600	£14,000
£13,000 becomes	£18,200	£20,800	£23,400	£26,000

MINIMUM DEPOSIT £5,000

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Deposit Accounts

A member of the National Westminster Bank Group whose capital and reserves exceed £1,500,000,000.

# Westland Aircraft Limited

Extracts from the Statement by the Chairman, Lord Aldington.

The much increased profit before tax of £26.9m gives a fair indication in inflationary conditions of the satisfactory progress of your company over the year 1979/80, an increase of £11.6m from £15.3m. It includes some favourable items arising from previous years' business, for example, the release of provisions and the finalisation of prices which in earlier years had been estimates, a frequent feature of your company's accounts. However, this year it also includes a provision for learning costs on new products to be delivered in the next three years. The latter more than offsets the former.

Sales in 1979/80 amounted to £244.3m, an increase in real terms of about 5%. We shall have to fight hard to achieve similar increases in the next few years.

We have a general need to build up our financial resources in real terms. CCA adjustments for working capital indicate what is necessary to maintain the business at 1980 level of activity. We must retain something further for growth. Moreover, this year we have a particular need to strengthen our reserves: development and proving of our basic WG.30 over the next few years to put us through the military transport market into civil operability will be financed by ourselves on a private venture basis. I must add that we have to fortify ourselves also against the current economic climate of recession at home and overseas, to which has recently been added the uncertainties about U.K. Defence expenditure plans for the next few years.

The order book in most parts of the Group is strong on the basis of past experience, but there are gaps in the work load in some of our factories from the end of 1980 which we are striving to fill by taking on sub-contracts from outside. We do not expect an increase in real terms in the total Group sales in 1980/81.

Research, development and learning costs are included on the face of the Profit and Loss account for the first time; but this is private venture expenditure only. In the past two years I have reported to you the total Group expenditure on research and development. In 1979/80 year the total was £40.0m, of which £33.7m was funded by research contracts; £1.2m was recovered on other contracts and £5.1m was written off as private venture expenditure. It is only this £5.1m which has been included in the figure of £10.7m shown as Research, development and learning costs. A further £5.6m is calculated as the net amount of the cost of work done or to be done on producing the initial batches of new products which we shall not recover from sales in the next two or three years. Other costs of developing the WG.30 and its derivatives will be written off as incurred. I expect the rate of our private venture R & D expenditure (£5.1m this year) to double in the current year 1980/81, and to double again in the next few years.

## SUMMARY OF RESULTS

	Year to 30 September	
	1980	1979
	£000	£000
Sales	244,345	198,160
Profit before tax—		
Historical cost	26,927	15,266
Profit before tax—Current cost	14,406	6,385
Profit attributable to shareholders—		
Historical cost	16,760	12,263
Earnings per 25p share	28.3p	20.7p
Dividends per share	5.5p	4.0p
Development Reserve	14,000	3,000
Shareholders' funds	101,092	68,424

Our cash position remains comfortable.

The problems of producing the Lynx commercially have largely been overcome by strong leadership from management at all levels and better understanding and co-operation by all on the shop-floor.

Work has started on producing the initial batch of WG.30's which will be for military transport and will enable civil operability to be proved.

Sea King production progressed well during the year and the first two Mk.5's were delivered on time. New orders were gained from overseas.

The Sea King replacement project is now known as EH.101. Our partnership with the Augusta Company for a helicopter for this project has been cemented in a new company called E.H. Industries Ltd., 50% owned by Augusta and 50% by Westland.

Technological advances in hovercraft design have made it possible for our designers to set about halving the cost of hovercraft with no loss of speed, control or sea-keeping capability. The first of these new designs, the AP-188, is being launched with the assistance of the National Research and Development Corporation and in collaboration with the current operator of SR.N6 hovercraft in the Solent, Hovertravel Ltd.

Normalair-Garrett is enhancing its reputation and experience as a good systems engineering company. Good orders were received during the year.

Copies of the Annual Report and Accounts can be obtained from the Company Secretary at Yeovil.

هكذا من الأصل



BY THE FINANCIAL EDITOR  
**Davy goes to court**

...the decision by the board of Davy Corporation to begin litigation in the United States in the face of the bid from Enserch Corporation duly provoked murmurs of "inflation" in the Enserch camp.

The Enserch case would be that a bid for a British company should be subject to the rules of British takeover practice, and that it is unfortunate that Davy has chosen to invoke the rough and tumble of American takeover regulations with all the legalistic paraphernalia that this involves.

This is not a persuasive argument, and simply because Enserch is an American company and has in any case to register its intention of the Davy takeover with the various United States authorities. But also because it fails to recognize that the rules of exchange controls by Britain do not open up a new dimension in the takeover arena and one which suggests that the Enserch bid is absolutely reasonable for a company in the receiving end of a bid to seek comfort in whatever courts it wishes provided it felt to be in the best interests of shareholders.

Davy's board seems clear that it is not simply creating a delaying tactic by going to the United States courts (though this will be the effect); it is acting in what it believes to be the shareholders' best interests because it feels that there is insufficient information on Enserch to warrant Davy shareholders accepting its bid. The board is also aware that the market circumstances prior to the bid last month, a suggestion already recognized in the London market by a Stock Exchange inquiry into dealings.

Meanwhile, Davy shareholders had better be prepared for a long wait. Given that the Enserch bid could be a Monopolies Commission inquiry which Enserch may accept, it could be six or seven months before this situation is resolved.

**Discount houses Adapting to change**

1980 was a frustrating year for discount houses in terms of interest rate movement, but it can hardly matter in the longer term perspective. The real significance of 1980 was that it was the year when the would-be radical reformers of the monetary system failed to sweep the houses off the centre of the monetary stage.

The essence of the Bank of England's statement on the future evolution of monetary control methods last November, at least as far as the houses were concerned, was that the Bank disliked the idea of conducting its main open market operations eyeball to eyeball with the clearing banks. In this it did at least it preferred the status quo.

That does not, of course, mean that the houses have been left to heave a sigh of relief and simply go back to the usual cyclical pattern of bonanza profits when interest rates are falling, and trying to put the shutters in cyclical upswings. The nature of the Bank's open market operations has already changed significantly, with both sides slowly feeling their way towards a system that will supposedly lead to more market determination of short term interest rates and, finally, to the burying of politically embarrassing nomenclatures such as M.R.

But that is clearly only the first step in the process of change. The next major item for the houses are going to be the new prudential liquidity norms for the banks, any proposed changes in the rules governing the size and shape of the houses' own operations, and the impact of changing financial flows in the system.

The expectation, presumably, must be that the liquidity rules will still push substantial banking funds the houses' way, just as the reserve asset requirement does. With the abolition of the corset, however, the commercial bill business must have seen its best days, so it may well be that the authorities will be expecting the houses to be significant takers of any new public sector debt instruments they may be planning.

Meanwhile, Alexanders, after the traumatic end to 1979 has moved from a declared loss of £250,000 for 1979 to a profit of £12.5m for 1980. It was clearly a patchy year, however, and the second half fairly

Year to 30 September

1980	1979
£000	£000
14,345	13,110
16,927	15,265
4,406	2,255
6,750	12,255
28.3p	20.7p
5.5p	4.0p
4,000	3,000
11,092	8,340

Table: Financial data for various entities, showing values for 1980 and 1979.

**Business Diary: Hats off to Sally? • Mr Ten Per Cent**

Sally Oppenheim, the Minister of State, for Industry, is best known, if not always best loved, in her role as the government's head of consumer affairs. Tonight, however, she is seen wearing for the first time a new and just as important hat—that of tourism minister.

Mrs Oppenheim will be at County Hall, Westminster, to present the first Sir Mark Henig awards for local authority enterprise in tourism.

In last week's Thatcher reshuffle, Norman Tebbit, the previous tourism minister, was promoted from Under-Secretary of State at Industry. Tebbit's tourism portfolio would normally have been handed on to his successor, Lord Trefgarne, but to the delight of the tourist lobby it is now in Mrs Oppenheim's grasp.

No disrespect to the noble lord, of course. It is just that it is better to be bending the elbow of a minister of state than of an under-secretary.

Nobody will be more delighted at this upgrading of tourism's importance than Mrs Oppenheim's host tonight, Michael Montague. He is the chairman of the English Tourist Board, and the predecessor of Sir Mark, the TB's founder-chairman who died two years ago this month.

Local government boundaries are to be reviewed in 1982, at which time Montague and people in the tourism industry are hoping that the Government can be talked into allowing the English Tourist Board to dispense loans and grants for tourist developments outside the

present development and assisted areas.

In her two years as Minister for Consumer Affairs, Mrs Oppenheim's achievements do not go much beyond the introduction of flammability labelling for furniture and of origin marking on sealskin. Let us hope that two years from now the tourist industry is as happy with its minister as it is today.

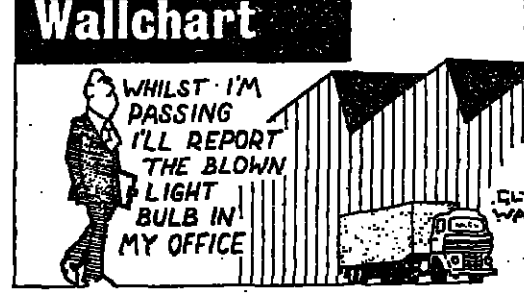
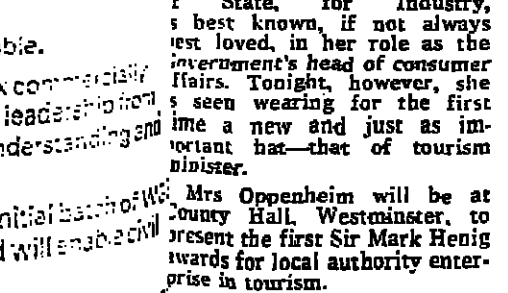
Here, where much of Italy's frontier traffic is handled, trans-European juggernauts are appearing so fast, the magazine says, that diplomatic relations with the Italians are suffering.

In one street, Milan's Via Valpellina, two trailers are stalled each week, and there is strong romantic interest to the story. Too many lorry drivers are taking wives with them and parking in city centre streets near the shops and restaurants rather than at secure lorry parks on the outskirts.

The Bermuda Triangle, everybody knows, is a stretch of water where ships and aeroplanes are said to disappear greatly to the profit of novelists and film-makers.

A new magazine, *British Shipper*, has come up with a new variation on this popular theme, although despite the title of the magazine the "triangle" has to do with neither ships nor aircraft but with land, specifically the area of Northern Italy between Milan, Como and the Brenner Pass.

Having worked "conscientiously" for some time, he is about to make a small profit. "Now he is at the service of anybody day or night. He accepts no such thing as tips or gifts in doing his job."



Wallchart

WHILST I'M PASSING I'LL REPORT THE BLOWN LIGHT BULB IN MY OFFICE

ON SECOND THOUGHTS...

**Monetarism is not the road to salvation**

Should we not have a policy that is within the going level of competence of central bankers?

There is a problem with any new aircraft design, any surgical or medical procedure, if when put into practice, it does not work. The designer or the doctor survives; it is very hard on the passengers or patient. And so it is in economics and with the present passion for monetarism.

Both in Britain and the United States the proponents are still vigorous and content. The passengers and patients are having a difficult time.

The shortcomings in this design are manifold. None is in the realm of theory; all, alas, are now matters of experience. There is, first of all, the question of what in the modern economy is to be called money. Once this was simple; it was silver, gold, copper or, for nearly two hundred years in two of Britain's American colonies, tobacco.

Now it can be hand-to-hand currency, deposits subject to check, savings deposits that can quickly be made a means of payment, unused overdraft facilities, unused lines of credit, the considerable store of purchasing power that lies behind the modern credit card.

Whatever modest agreement there may be as to what should be called money, in fact, quite arbitrary. There is a problem in controlling the supply of what you do not know you are controlling.

There is a more serious problem in the instruments of control. All recent experience in Britain and the United States reveals a great uncertainty in the relationship between any given use of instrument for the control of the supply of money and the resulting supply. Interest rates can be raised, bank lending can be more tightly

controlled, more specific restraints be imposed on borrowing and the money supply can still show large, seemingly random fluctuations.

Professor Milton Friedman, whose formula for economic success has captured the British Government, has conceded that these efforts at control have been ineffective. But he has attributed them to the incompetence of the Bank of England and, by inference, that of the Federal Reserve System. But should we not have a policy that is within the going level of competence of central bankers?

It is now the harsh experience in both our countries that the instruments available for the control of the money supply cannot, in fact, control the money supply; and the use of these instruments has its own special incoherence.

The instruments of monetary policy operate against inflation only as they restrict the spending and responding of borrowed money. But it is borrowed money that, in very large measure, improves and modernizes industrial plant. Any considerable reliance on the instruments of monetary policy is thus directly adverse to efforts to improve productivity.

There is worse to come. The curtailment of spending and responding of borrowed funds, if pressed vigorously enough, will require to bring it to profitability could damage that sensible long-term aim.

The recession has effectively destroyed the coal board's chances of meeting the targets it has been set. Energy consumption in the three months September to November was down almost 6 per cent on the same period the year before. In the first 11 months of last year electricity use was down 4.3 per cent and coal consumption down 4.7 per cent.

Special buying arrangements with the electricity generating authorities and the British Steel Corporation have protected the board from the worst of the fall in demand, but its exports are being hit by intense competition and the rise in the pound has made imports an increasingly attractive alternative to United Kingdom mined output.

Last October in reply to the National Union of Mineworkers' pay claim, the NCB estimated that in the year to March it would sell 6 million tonnes less than the year before, and there are no signs of an upturn in 1981/82. To add to the problems, the miners' action is preventing the delivery of coal from the North-East to power stations on the Thames.

The coal board feels that fate has been particularly unkind. The recession came just as the investment programme instituted under its Plan for Coal of 1974 was, it claimed, beginning to pay off. Productivity at the coal face is now running 10 per cent higher than two years ago, output per man continuing to improve and 1979/80 saw the first improvement in deep-mined output (excluding the effect of strikes) since 1963. The improvements, however, have been a long time in coming and the government could fairly argue that the coal board had been investing heavily for too long for so little achievement.

The Plan for Coal was launched it was intended to

maintain deep-mined output at around 120 million tonnes and raise open-mined output from 10 million to 15 million tonnes by 1985. To replace outdated pits some 20 million tonnes was to come from new mines and 22 million from improving old pits.

The plan has slipped badly. The coal board both underestimated the effects of the recession and overestimated the effects of the investment programme. The board has had to face the fact that the coal industry is now in a position where it is not only unable to meet its targets but is also facing a significant loss of revenue. The board is now in a position where it is not only unable to meet its targets but is also facing a significant loss of revenue. The board is now in a position where it is not only unable to meet its targets but is also facing a significant loss of revenue.

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...the Russian who advocates unemployment

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## FINANCIAL NEWS

## Stock markets

## Gilts active but low turnover in equities

The second leg of the account had a quiet but basically firm start yesterday. Turnover was low but prices held up, with no real selling pressure.

Confusion throughout the day over whether the American hostages had actually left Iran, had little effect on most sectors with the exception of gold shares, which rose sharply in line with the fluctuating gold price. But rumours early in the day that a line of 700,000 ICI shares were on offer took some of the strength out of other leading stocks, though prices firmed up again later.

The FT Index closed 1.7 points up, at 453.6, after being 1.0 point down just after the market opened. The Index is 7.6 points down so far on the previous account's close.

Gilts had a good day with active trading and some gains. Long gilts rose 1/2 better and rose steadily for most of the session, closing 1 1/2 up on the day, but fractionally off the top. Short gilts saw some nibbling, and finished the day 1/2 better. Earlier suggestions that the Budget might unveil a 2 per cent cut in MLR are being taken more seriously this week.

Leading shares were quiet, with the ICI line of stock

rumour effectively wiping interest in most other majors. ICI itself dropped as low as 282p before recovering to close at 286p, a fall of 8p. Glaxo eased 2p to 246p, while Boverton gained 3p to 180p and Beechams closed unchanged at 168p.

De La Rue suffered from recent adverse comment, and fell 25p to 675. But BTR was strong, with a few buyers purchasing shares in narrow market, and rose 8p to 364p. Rank, which reports on Thursday, added 2p to 154p.

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## Government cuts fail to slow Cray Electronics

By Peter Wainwright

Cray Electronics is having no trouble growing at its target rate of 20 per cent. Indeed, the only fear is that in some months' time it may revert to this pace of growth.

In the six months to October 31 sales leapt from £5.84m to £8.5m, an increase of 46 per cent, while the pre-tax profits jumped by 54 per cent to £345,000. The interim dividend has been raised by 10.5 per cent to 0.63p a share net, or 0.90p gross.

The leap in sales is said to reflect in part contract completion, as well as the doubling of capacity at J & S Marine work as a prime contractor, and an increase in the group's demand for many lines is described as encouraging. "But the recession cannot be ignored."

The moratorium on defence procurement was total for the three months from August to October, but Cray had so much

work to do that neither the latest figure nor those for the second half year will be affected.

Cray gets about 50 per cent of its business from the Ministry of Defence and the Post Office. It does not seem to have lost any large order in the recent wave of Government cuts.

More company news, page 23

## Profits halved at Peerless, but dividend is raised

By Margaret Pagano

Peerless Group, the Birmingham-based maker of plastics and domestic engineering products, has been hard hit by the recession, with pretax profits more than halved to £901,000 in the six months to September, compared with £1,921 last time.

Turnover slipped from £14.85m to £14.5m, but the recommended interim dividend of 5p gross has been raised in line with the forecast when the group went public last May.

At the time of the offer for sale the board said it expected total dividends for the year to March 31, 1981, of at least 9p gross. The final dividend is expected to be paid in August.

Trading profit was down to £1.3m against £2.2m last time. Lower profits were arrived at after doubled interest charges of £376,000, taxation down to £200,000 from £410,000 and a £69,000 loss from an associated company. Earnings a share fell from 11p to 5.4p. The shares dropped 3p to 80p on the news, well below the 100p offer price last year.

Mr William Jordan, the chairman, said yesterday that trading conditions during the period continued to deteriorate in common with the decline in demand throughout the manufacturing industry. Squeezed profit margins and higher interest rates have affected profits. The board, he added, had taken all possible steps to

minimize the effects on the company, but was well placed to take maximum advantage of any upturn in the economy, did not expect recovery in second half of the year. Demand is down in all of the group's divisions: plastics, electronics and domestic engineering. Kitchen furniture and kitchen furniture division. Last year Peerless reported pretax profits in line with costs made during the offer sale.



Mr William Jordan, chairman of Peerless Group.

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## Latest results

Company	Sales	Profit	Earnings	Div	Pay	Year's
	£m	£m	per share	pence	date	total
Int of Fin	4.74(3.8)	0.52(0.28)	1.49(1.09)	2.0(2.0)	10/2	—
Calendula Cine (I)	—	0.35(0.22)	—	0.52(0.57)	6/4	(1.72)
Cray Electronics (I)	—	1.22(0.9)	—	2.75(2.5)	2/4	—
Estates Property (I)	—	0.06(0.18)	—	2.9(8.8)	6/3	—
G. T. Japan (I)	7.2(8.26)	0.6(0.5)	7.05(12.4)	0.5(0.5)	13/3	(4.0)
Restorm (I)	5.8(6.2)	0.36(0.69)	7.7(16.1)	2.5(2.5)	27/2	(7.0)
David S. Smith (I)	4.3(4.1)	—	0.92(—)	0.45(—)	6/3	—
Westpool Inv (I)	1.09(—)	—	—	—	—	—

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown gross unless stated to be net. — = Gross revenue. — = After loan stock conversion. — = Net.

## Rustenburg Platinum Holdings Limited

(Incorporated in the Republic of South Africa)

## Chairman's Review by Mr. G. H. Waddell

The thirty-fourth annual general meeting of the company will be held in the boardroom, Consolidated Building, corner of Rix and Harrison Streets, Johannesburg, at 09h30, on Wednesday, 28th January 1981.

The Group's profit before taxation at R240 million in 1980 was the highest yet achieved. The provision for taxation, including tax normalisation to which I refer below, amounted to R114.4 million and the profit after taxation was therefore R125.6 million or 100.2 cents per share compared with R66.9 million or 55 cents per share on the same basis in 1979. Dividends paid amounted to R50.1 million or 40 cents per share (1979 R38 million or 30 cents) and R74.5 million was transferred to the Reserve for the year ended 31st December 1980. These figures represent a 41% increase in revenue over 1979 primarily as a result of the higher prices for platinum group metals and nickel as well as a higher volume of sales.

The inflow of funds to the Group after provision for taxation and payment of dividends during the year was R132.0 million. Expenditure on mining assets amounted to R86.8 million, R4.3 million was spent on various activities in the field of the mining alternatives open to the Group, R5.7 million was invested in Matthey Rustenburg Refiners, R0.9 million on sundry items and working capital increased by R34.8 million.

It remains the policy of the Group to strengthen its financial position to be better able to meet future commitments and to ensure adverse changes in the market as and when they occur. To this end significant progress was made during 1980 and at its year-end the Group had repaid all its borrowings and had built up its cash to R12.1 million.

**Tax Normalisation**  
The 1980 financial statements include a transfer to non-distributable reserves in respect of tax normalisation. In the past, the Group's reported profit before taxation contained an element of tax relief which arose when expenditures were made to expand its mines. Since these expenditures were not charged against profits, the reported profit levels after taxation were overstated by that element of tax relief. Tax normalisation has been adopted to avoid this in the future. The aggregate of tax normalisation and the actual provision for taxation is therefore equal to the taxation that would have arisen in the absence of any expenditure on expansion.

**The Platinum Price**  
During the past financial year, the Free Market price of platinum has been as low as \$420 per ounce in September 1979. In the past, the price of platinum has been as high as \$1,047 per ounce in March 1980. However, since June 1980 the amplitude of the oscillations in the Free Market price has narrowed considerably and until August 31 was confined to between \$600 and \$730 per ounce. Rustenburg increased its price from \$380 to \$420 per ounce in December 1979 and again to its present price of \$475 per ounce in August 1980. While these increases have resulted in a 25% increase in terms of US Dollars, due to the appreciation of the Rand against the US Dollar the increase in terms of Rand was only some 14%.

The behaviour of the Free Market price of platinum reflected the flight from paper currencies as people motivated by a wide variety of reasons turned to platinum as a store of value. In the past, the increase in purchases for speculation and investment purposes outweighed the decline in the demand for platinum from the automobile and jewellery industries. Whilst this increased speculative and investment demand had obvious benefits during the year under review, since in its absence available supplies would have exceeded demand, it remains to be seen whether it will on the present scale become a permanent feature of the platinum market. It seems likely that it will persist at least to some extent, but there is a risk that significant quantities will be sold back to the market at some stage in the future. That probability adds yet another factor of uncertainty to the market. In contrast to the Free Market, the price of platinum in the Rand is more stable and the Rand gives it a reasonable reward and encourages new and continued use.

**Automobile Industry**  
The sharp decline in the demand for platinum from the US automobile industry during the past year mirrored the substantial fall in US automobile sales and production. During the second half of 1980 it appeared that the nadir would be passed before the year end and that a recovery in automobile sales would take place during the Group's financial year. This hope must now be tempered in the light of the fact that the initial recovery in the American economy may have been false.

During the year the US automobile industry was granted waivers to the Environmental Protection Agency (EPA) in respect of certain regulations and with the advent of the Reagan administration it is possible that the US automobile industry will lobby the new administration, Congress and the EPA against further tightening of the regulations for emission controls on automobiles. There was also a significant change in the US automobile industry when it started to move from large V8 powered automobiles to the smaller 4 or 6 cylinder powered automobiles. This, together with the anticipated increase within the United States in the production and sales of diesel engine automobiles which may or may not require exhaust catalysts, has important implications for the demand for platinum industry since the overall demand for catalysts and hence for platinum may prove to be lower than previously anticipated. It is likely too that increasing quantities of platinum will be recovered from converters on scrapped automobiles later in the decade. Of course, sales of automobiles will increase as the American economy recovers, bringing in turn a recovery from the present level of demand for platinum for automotive catalytic devices. It also seems likely that catalytic devices will be used on heavy vehicles as from the middle of the decade. For all these reasons the extent of the future demand for platinum is difficult to gauge.

During the year the Group entered into another long-term contract with an automobile manufacturer for the supply of a significant quantity of platinum for use in that company's automobiles. This new contract, which has substantial safeguards built into it for the benefit of the Group, serves to re-emphasise the

importance of the platinum group metals to the automobile industry in those countries concerned about the harmful effect on people of exhaust emissions.

**Jewellery**  
Since 1979 Rustenburg has spent significant sums on promotional campaigns overseas to encourage the use of platinum in jewellery. The budget world-wide for the current calendar year has been raised to R25 million. Contributions from the trade will augment this by R0.8 million.

In Japan, the demand for platinum for use in jewellery fell further during the Group's financial year. The Japanese jewellery industry is generally supplied on the basis of the Free Market price and both the level of and the rapid and wide fluctuations in that price adversely affected the demand for platinum for this purpose until comparatively recently. Indeed, since August, there has been a healthy recovery in demand which coincided with the return to comparative stability in the Free Market price between \$600 and \$650. It would be possible to place more confidence in the continuation of this recovery if Rustenburg's price had greater weight in the Japanese jewellery industry.

However, it is pleasing to report good progress although from a low base as measured by the off-take of platinum for jewellery in the United States of America, the United Kingdom and West Germany. It is no coincidence that these are markets where the platinum supplied to the jewellery industry is based on Rustenburg's price as opposed to the Free Market price. It is only recently that metal has been made available for jewellery at the price in West Germany and the initial response has been most satisfactory. The Group's policy of supplying at a reasonable and stable price may prove to be of significance as compared with the gold industry, which does not have the same opportunity.

**Base Metal Refinery**  
Progress on the construction of the new Matthey Rustenburg nickel-copper refinery is now well advanced and at present it is expected that commissioning will start as planned during the third quarter of 1981. The refinery's rated capacity has been raised and the final cost may be as high as R75 million in certain expenditures for additional equipment to improve recovery and approved. Despite the higher capital expenditure required, the project still offers a satisfactory return.

**Possible Future Mining Operations**  
The Group has over the years invested and the potentially viable platinum reefs found in the Bushveld Igneous Complex including the UG2. These evaluations are regularly updated and subjected to review. In 1977 the Group patented a process for the treatment of the UG2 Reef but, at present, mining the available Murchison Reef remains the most attractive course to follow.

The Group is continuing its feasibility study into the potential of the "Plat Reef" in the Bushveld Igneous Complex. Exploration has been completed and studies related to metallurgical processing and the financial aspects are in progress. The Plat Reef deposit is only one of a number of possibilities open to the Group as and when further exploration is justified.

**Outlook**  
It is worth repeating that available supplies presently exceed demand from the traditional end-users of platinum and there is now renewed concern over the prospects for the American economy in the immediate future. In the past, the demand for platinum has been results for the current year other than to say that, despite higher costs arising primarily from the wage increases granted to your employees, the start has not been unsatisfactory.

**Employment Practices**  
The Group is moving towards an integrated wage scale free from discrimination in any form for all its employees. Considerable progress was made during the year through the award of significant wage increases, the extension of fringe benefits to those who did not previously have the opportunity to participate in them and through a further expansion in the Group's training programmes.

**Directors**  
Sir Albert Robinson resigned as Chairman with effect from the first of January this year. He has been very concerned during the past decade with the affairs of the Group in particular and the platinum industry as a whole. During that period he guided the Group through both the good times and the bad and the recent results of the past year are the best tribute to his leadership. I would like to place on record both my personal gratitude and that of your Board to him.

During the year Mr. B.A. Smith and Mr. J.N. Clarke resigned from the Board and I wish to express my appreciation to them for their contribution to the Group. Mr. J.N. Clarke was appointed to fill the vacancy. Mr. E.L. Wells was also appointed a Director during the year. I would like to welcome these new appointees to the Board. As a result of Mr. H. Smith's resignation the Board is now composed of Mr. H. Smith, Mr. M. W. King was appointed to fill the vacancy. Mr. E.L. Wells was also appointed a Director during the year. I would like to welcome these new appointees to the Board. As a result of Mr. H. Smith's resignation the Board is now composed of Mr. H. Smith, Mr. M. W. King was appointed to fill the vacancy. Mr. E.L. Wells was also appointed a Director during the year. I would like to welcome these new appointees to the Board.

19th January 1981

## Staveley to sell a Canadian offshoot

Staveley Industries, the group with varied interests in electrical and mechanical engineering, machine tools, salt, and weighing equipment has done its share of expanding into North America but yesterday it announced a strategic withdrawal.

It has signed heads of agreement with R. C. Baxter for a sale of assets comprising the eastern Canadian manufacturing and marketing division of Standard Modern Tool of Toronto. The group explains that the business is deep in nuclear power system components and machine tools. Its interests will apparently be best served in a total Canadian environment.

In the last accounts for the year to March 25, 1980, it was reported that the bulk of North American growth was coming from the United States. Little change in Canadian profits was reported.

Staveley is getting Canadian \$9.5m, about £3.3m, most of it next March. The rest £1.75m, is to be paid on January 1, 1981. The price is said to reflect the book value of the net assets. In the year to March 25, 1980, the Canadian company made \$1.4m or around £490,000 before tax. Total group pre-tax profits in the same period were £7.3m.

The group adds that Williams Machinery, in marketing and distributing materials handling equipment in British Columbia and Alberta, is not part of the deal. It stays inside Staveley.

Mr. J. S. M. Booth has irrevocably undertaken to accept the offer in respect of 400,615 shares, some 10 per cent of the total. The other directors of Booth have indicated that they will accept the offer. Full acceptance will involve the issue of 1.6m New Gernar shares, or 23.3 per cent of the enlarged share capital.

Both companies operate over a broad sector of the leather industry. Both companies suffered losses in the first half of 1980. The main reason is the sharp fall in the price of skins and hides, the strength of sterling and the high interest rates.

**Westpool tops £1m at half time**  
Westpool Investment Trust reports a gross revenue for the six months to October 31 at £1,090m. Earnings a share were 0.32p and the net asset value a share 1.33p. An interim dividend of 0.45p net is declared.

As was indicated in the annual report, the short-term effect of the increased emphasis on asset growth is to reduce the level of income available for distribution.

The board expects to recommend a final of not less than 0.7p net which, excluding the special dividend paid in December 1980, would make a total equivalent to 1p for the year.

The capital as adjusted by the recent scrip issue.

**Caledonian Cinemas ahead midway**  
Caledonian Associated Cinemas reports a turnover for the half year to September 27 of £4.73m against £3.83m. Taxable profits were £521,000 compared with £281,000. The interim dividend is held at 2.86p gross.

The board reports that all divisions performed well in the period. However, the board says that these results should not be taken as an indication of the profits to be earned for the full year.

**Ash & Lacy buys galvanizing company**  
Ash & Lacy says its Joseph Ash & Son subsidiary has acquired from G. A. Harvey & Co. (London) subsidiary of Butterfield-Harvey the galvanizing business of Harvey Fabrication. The purchase price is based on the net asset value, excluding debtors less creditors, and is estimated to be £242,000 cash.

The purchase will further strengthen the galvanizing business of Joseph Ash & Lacy, especially in South East England, where Ash & Lacy recently acquired Leach Brain & Co.

**Barclays American plans \$75m notes offering**  
Barclays American Corporation said it had filed with the United States Securities and Exchange Commission a registration statement for an offering of \$75m (£31m) of senior notes due 1988.

The notes will be offered by a group of underwriters led by Merrill Lynch White Weld Capital Markets Group and by the American note market. The offering is expected to be made in early February.

The notes will not be redeemable before February 1, 1986.

**Generale Occidentale**  
Generale Occidentale, the food and banking group headed by Sir James Goldsmith, reported net consolidated income for the half of the year to March 31 of 87.2m francs (about £7.9m), against 78m in the same period a year before. Net income of the parent company came to 7.64m francs, up from 5.16m a year before.

**Record merger**  
Australia's largest merger was completed in Melbourne

## Banks to be consulted on loan scheme

A specific plan for a loan guarantee scheme for small businesses is soon to be put to the banks by the Government. The scheme will be based on the proposals put forward by the Union of Independent Companies.

Mr John MacGregor, the new minister responsible for small businesses, confirmed this yesterday but he stressed that the Government was waiting to see how consultants would go before final commitment.

He said the idea of the consultation was to find out if the Government had a viable scheme. He added that the results of the consultations would have to go back to the Cabinet.

Meanwhile, sources inside the clearing banks yesterday indicated that the idea of loan guarantees would receive a much warmer reception from them this time round.

Mr MacGregor made the comments at a meeting at which he launched a series of six booklets published by the Department of Industry to provide advice for small businesses.

He said the Government was continuing to look at ways of helping small companies and revealed that the DoI was working on a survey of all small businesses in Britain. This will be the United Kingdom equivalent of a famous study by the Massachusetts Institute of Technology which showed that 65 per cent of all jobs created came from the small business sector.

At that time it was rumoured that Strata, which has a 26.95 per cent interest in the well, had struck 3,000 cu cubic feet of gas.

Investors hanging on before the weekend awaiting confirmation of the first started selling after Strata issued its regular Monday morning bulletin, say that drilling at Woodada Three had been completed. Indications of light oil and gas have been previously reported. It says that the primary testing of the "zones of interest" will be carried out and first results are expected mid-week.

**Nervous selling hits Strata**

Stock market excitement in Australian oil exploration stock Strata Oil eased yesterday as nervous selling knocked 23 cents from the share price to A\$4.12 pulling off its year's peak reached last Thursday.

The shares were soaring last week on hopes of a substantial gas find in its Woodada Three well, the last of three in the onshore Perth Basin.

At that time it was rumoured that Strata, which has a 26.95 per cent interest in the well, had struck 3,000 cu cubic feet of gas.

Investors hanging on before the weekend awaiting confirmation of the first started selling after Strata issued its regular Monday morning bulletin, say that drilling at Woodada Three had been completed. Indications of light oil and gas have been previously reported. It says that the primary testing of the "zones of interest" will be carried out and first results are expected mid-week.

**INDEPENDENT INVESTMENT TRUST**

Independent Investment Company Limited have acquired an Equity interest of 13 per cent in Systems Designer International Limited to £200,000 and not £80,000 as quoted in error on 17th January, 1981.

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## The Over-the-Counter Market

40	21	Armature & Rhodes	40	+1	1.4	3.5	16.5
192	92	Bardon Hill	159	—	9.7	5.1	7.1
87	40	County Cars Pref	40	—	—	—	—
88	88	Deborah Services	85	—	5.5	5.7	4.7
126	88	Frank Horsell	116	—	6.4	5.0	3.6
110	56	Frederick Parker	56	-1	11.0	19.6	2.6
110	74	George Blair	77	—	3.1	4.0	4.1
110	59	Jackson Group	103	—	6.9	6.3	4.1
124	103	James Burrough	119	—	7.9	6.6	9.7
334	244	Robert Jenkins	334	+2	31.3	9.4	—
234	50	Scrumtons 'A'	53	—	5.3	10.0	3.8
224	216	Torday Limited	218	-1	15.1	6.9	3.7
23	10	Twinlock Ord	13	—	—	—	—
80	69	Twinlock 15% ULS	77	—	15.0	19.4	—
56	35	Uniflock Holdings	35	—	3.0	3.3	5.5
102	81	Walter Alexander	101	-1	5.7	5.6	5.6
255	181	W. S. Yeates	254	—	12.1	4.7	4.1



[illegible]



6 Forward bargains are permitted on two previous days

هكذا من الأصل



# FINANCIAL NEWS

## Restmor margins hit a first half

Michael Clark, Restmor's chief financial officer, said that the company's gross margins had fallen to 12.4% in the first half of 1980, down from 13.5% in the second half of 1979. The board described the performance as "reasonable" in the light of the current economic situation in the United Kingdom which has led to the drop in demand and placed increased pressure on margins.

However, the board has maintained the interim payment of 0.71p gross.

The group, which has a turnover of £100m, has also been feeling the pinch abroad where the strong pound has been of little service.

But despite the shortfall in profits the market seemed pleased with the performance and the shares hardened 1p to 75p.

### Business appointments

## Hartley Cooper name new joint deputy chairman

Mr J. E. Lewis has been made joint deputy chairman of Hartley Cooper Holdings. Mr S. Flowers, succeeded Mr Lewis as managing director of Hartley Cooper. Mr M. D. Bence had been a director of Hartley Cooper since 1974.

Mr J. E. Lewis, formerly chief executive of the General Steel Division, and Mr S. Flowers, formerly chief executive of the Sankey Division, and Mr M. D. Bence, formerly general manager, have been named as joint deputy chairmen of the company.

Mr J. E. Lewis has been a director of the company since 1974. He was formerly chief executive of the General Steel Division, and Mr S. Flowers, formerly chief executive of the Sankey Division, and Mr M. D. Bence, formerly general manager, have been named as joint deputy chairmen of the company.

## Varning from David S. Smith

Despite an improvement in the first half of the year, David S. Smith Holdings, has warned shareholders that expectations for the full year are likely to fall short of last year's £1.57m.

Mr Smith said that the company's production in the first half of the year was maintained at a satisfactory level, trading conditions improved and the company's profits were expected to be maintained at 3.57p gross.

### RETAIL SALES

Year	Qtr	Sales by volume (1976=100)	Sales by value (not seasonally adjusted) (1976=100)
1979	1st Qtr	105.8	+14
	2nd Qtr	113.0	+20
	3rd Qtr	106.6	+15
	4th Qtr	108.1	+18
1980	1st Qtr	110.2	+20
	2nd Qtr	109.2	+13
	3rd Qtr	108.9	+14
	4th Qtr	109.5	+15
1979	1st Qtr	107.6	+15
	2nd Qtr	106.9	+18
	3rd Qtr	108.2	+18
	4th Qtr	110.2	+21
1980	1st Qtr	108.6	+13
	2nd Qtr	108.5	+12
	3rd Qtr	109.2	+9
	4th Qtr	109.1	(prov)

## New Life Business

The value of a non-profit life insurance policy, he said, is not always taken into account at the beginning of the policy. It will look woefully inadequate in terms of cover at the time of death. But, despite a decade of high inflation, life insurance companies have been able to keep pace with inflation by increasing the sum assured throughout the term.

When it comes to the market, the value of a policy has become much more flexible—particularly in the case of a policy which is not yet in force. This is because the policyholder can choose to surrender the policy for its cash value, which is often a significant proportion of the sum assured.

Take term assurance, for example. This provides a cheap form of protection which can be converted into a permanent policy at a fixed sum if you die during the term, but nothing if you survive it. Companies offer convertible term assurance, where you can change the policy into a permanent policy at a fixed sum if you die during the term, but nothing if you survive it.

Where the policyholder can increase the sum assured during the term, a life office might find that less healthy individuals take full advantage of the facilities offered, while those who are as fit as a fiddle are not so keen—a situation which would not be to the life office's advantage.

So far little has been done in the way of extending these facilities to family income benefit policies. These run along the same lines as term assurance, except that the benefits are paid out as annual income rather than as a lump sum.

But that change should come. Non-profit policies with fixed flat rate premiums throughout the term have little appeal in the face of inflation. If the present trend continues—with more and more companies offering policies where the sum assured can be adjusted not only for changing circumstances but also for inflation—they will become a thing of the past, as indeed they should be.

## Deputy Legal Adviser

Our client is a major national corporation in maritime building and engineering in Britain. Its headquarters are in Newcastle upon Tyne and it has a substantial number of subsidiaries throughout the country. It now wishes to appoint a Deputy Legal Adviser to the headquarters Legal Department.

The person appointed will become deputy head of the department. Applicants, male or female, should be solicitors with experience in major contractual and financial negotiations as well as litigation, company law and all aspects of commercial law, gained during at least four years responsible experience with a city firm.

The post will require substantial travel to subsidiaries in the UK and visits abroad. Salary and benefits will be commensurate with the senior level and the high standards required of the deputy legal adviser.

(Ref: E5946/TT)

REPLIES will be forwarded direct to the client in confidence to the client unless addressed to the Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

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There is a vacancy in the Non-Contentious Business Department of the Law Society, in the section dealing with Remuneration Certificates. The work will consist of preparing reports to the Non-Contentious Committee and it is essential that the successful applicant (male or female) has some knowledge of solicitors' bills.

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